TOURISM AND SMALL BUSINESS

HEARINGS

BEFORE THE

SUBCOMMITTEE ON EXPORTS, TOURISM,
AND SPECIAL PROBLEMS

OF THE

COMMITTEE ON SMALL BUSINESS
HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

FIRST AND SECOND SESSIONS

VAIL, CO, OCTOBER 10, 1987; LEXINGTON, MO, MARCH 11, SALEM, MA,
MARCH 21, AND WELCHES, OR, JUNE 3, 1988

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TOURISM AND SMALL BUSINESS

SATURDAY, OCTOBER 10, 1987

House of Representatives,
Subcommittee on Exports, Tourism,
and Special Problems,
Committee on Small Business,
Vail, CO.

The subcommittee met, pursuant to notice, at 9 a.m., at The Lodge in Vail, 174 East Gore Creek Drive, Vail, CO, Hon. Ike Skelton (chairman of the subcommittee) presiding.

Present: Chairman Skelton and Representative Campbell.

Chairman **Skelton**. The hearing will come to order.

This is the field hearing in Vail, CO of the Small Business Subcommittee on Exports, Tourism, and Special Problems. I welcome our guests. I welcome those who are here to testify, and I wish to say a special thanks to our friends in Vail, and I have a special thanks for the gentleman to my left, the Congressman from this District, the Third District of Colorado, Congressman Ben Nighthorse Campbell, who is a rapidly rising star in the United States Congress.

I am pleased to accept his invitation on behalf of the Small Business Committee and appreciate his interest in working on this subcommittee. You read newspapers, and watch on television, and hear on the radio, various important things, but it is not news for a Congressman to work hard and put a lot of time and effort and hours into the subcommittee work; and I doubly wish to thank your Congressman for the work he does in assisting us in our endeavors on the Small Business Committee.

In talking with our friend, Congressman Ben, this morning, we were talking about opening statements, and he was thinking of the possibility of making his opening statement as follows: "Just look outside." I don't think there is anything more appropriate than that. It is a beautiful State. It is a beautiful area, and we look forward to hearing from you.

This is a world class tourism attraction, and it attracts travelers from all over the world, and I would like to take this opportunity to thank all of you who put the time and effort into this to make it possible for us to have been invited today so we can learn, and through us, the United States Congress, about the economic importance of the travel and tourism industry, and perhaps develop some ideas that can benefit our country.

We thought we should come before the snow and the influx of the tourists' arrival so we can have the time for you to tell us about your experience in promoting tourism. This is just a beautiful time of year to be here.

Today, we are interested in hearing your thoughts and recommendations on the ways small businesses can tap into the domestic and foreign travel markets and what, if anything, the Federal Government can do to promote the travel and tourism industry throughout the United States and foreign countries.

A special interest of mine is to emphasize that international tourism is really an export. When we import foreign travelers, we create jobs for American workers and lower the trade deficit.

Foreigners who have sampled your opportunities can't help but have a good feeling about our country, America. Now we find ourselves in a battle to lower our trade deficit, and I am convinced—persuaded—that more traveling foreigners visiting this country is a golden opportunity to reduce that deficit, and at the same time many other countries are capturing the dollars, and there is a lot of money—billions of dollars—in the international tourism arena.

I think Congress needs to know what we can do to help our tourism-related industries. The vast majority, as well, are small businesses. What can we do to compete?

Again, I thank you, Congressman Campbell, and those of you who are kind enough to participate.

Congressman Campbell, do you have a comment or statement at this time?

Mr. CAMPBELL. I have a statement I would like to make, Mr. Chairman.

First of all, I want to extend a hearty welcome to you and your staff for coming out to an area that—I can say in a very unbiased fashion—is the most beautiful place in the world. And I certainly appreciate the subcommittee's willingness to hold this hearing, and I am very honored to host it.

As everyone in this room knows, tourism is big business in Colorado. Like so many other communities in Colorado, it is the lifeblood of Vail. Tourism in this town will become even more significant in the future, as Vail hosts the 1989 World Alpine Ski Championships, the most important world winter sports event besides the Olympics itself. It is the aggressive, professional, and promotional efforts on the part of the people in Vail that landed this prestigious event.

That is what this hearing is all about. Not only is tourism number one in Colorado, it is big business in the United States. With soaring trade deficits, tourism is the bright spot in our exports. It was the single industry in the United States last year that provided a positive cash flow.

In other words, it did not contribute to the Federal deficit. Since we don't generally think of tourism as an export or industry, this may sound strange to have a committee on exports, small businesses, and tourism, but they are connected. Foreign visitors have a significant impact. We export our image, our attractions, our friendliness.

We also have sources of tourist dollars closer to home when we bring them into Colorado. The summer family vacation, the winter ski trips, the countless conventions, the weekend outings of Americans, are also the mainstay of our tourism industry in Colorado and in many other areas of the country, too.

I had the opportunity yesterday, Mr. Chairman, to be in Chicago with the Soviet foreign trade delegation at the Chicago Board of Trade, and during that visit, the Soviet Minister of Agriculture, Mr. Nicoloff, commented that he didn't see how people in America could make a living on cattle if they are not milking them, or timber if they are not in the woods, and mining if they are not in the mines, and I think what he did, really, for me, was paraphrase the differences of our cultures, which we in the United States tend to welcome and invite, and that is having the input of governments to create a positive business climate without creating undue regulations.

I asked one of his aides how much emphasis they put on tourism, and he replied they put little on tourism but a lot on cultural exchanges. To me, they are one and the same thing. Until very recently, however, here in Colorado, we have been content to let the beautiful mountains, our great skiing, and our gorgeous forests do the selling for us.

We realized lately we are in competition with many other States and many other countries in trying to get tourists to see our area, and just in the last three years, we began to gear up and try to promote our State through the Colorado Tourism Board.

We have made tremendous progress. Also, on the plane when I was coming out yesterday, I had an opportunity to read the latest edition of Inc. Magazine. There was a David Osborn who pointed out the fallacy of what he called the smokestack industry—trying to get proven industries to relocate from another State to your State.

He pointed out that you not only have to give a lot of incentives, but at a very high risk. In essence, it was advised what we should be doing is trying to spend the same amount of energy promoting what we already have, and that is certainly the necessary approach I described. No one is going to get to the scope and magnitude with all the different grand names, no matter how hard they try.

I look forward to this hearing and reading the testimony that is turned in that is not given orally, as Mr. Chairman did not mention, but all of the testimony, whether it is oral or written, will be included in the hearing record, and will be reviewed at a later date as we deal with bills that will be addressing tourism, and I want to welcome everybody here, and I especially appreciate the turnout from people who have driven from as far away as Steamboat Springs and other areas in the district.

Thank you.

Chairman SKELTON. Thank you so much.

The first panel consists of David Kanally, President of Vail Resort Association; Dennis Van Patter, Manager of Public Affairs, Colorado Tourism Board; John Lay, Colorado Ski Country USA; and Elaine Kochevar, who is the Chairperson of the Colorado Rural Economic Development Task Force, Central Mountain Region.

I will ask as each of you testify for the record, state your full name, your address and your title or titles, if you have more than one.

Leading off, David Kanally, and we appreciated the nice visit from him before, and we thank you for being with us, the president of the Vail Resort Association.

TESTIMONY OF DAVID A. KANALLY, PRESIDENT, VAIL RESORT ASSOCIATION

Mr. **Kanally**. Thank you, Mr. Chairman.

Chairman **Skelton**. You will have to use the microphone much closer. I will tell each witness that. Thank you.

Mr. **Kanally**. My name is David Arnold Kanally, 1244 Deer Boulevard, Eagle-Vail, CO. I am president of the Vail Resort Association and vice chairman of the Lodging Committee for the 1989 World Alpine Ski Championships.

Mr. Chairman, Congressman Campbell, members of the staff, on behalf of the 500 small businesses in Vail, CO all wholly dependent upon tourism, we extend to you a hearty welcome to our community.

My testimony this morning is before you. I will summarize it briefly, but first may I express my appreciation to the staff and to the committee for allowing us to adjust the agenda to allow me to testify first, and also to allow me at 10:00 a.m. to host a very apropos event, the arrival of the Yamagata goodwill mission, from Yamagata, Japan, the sister state of Colorado.

This is, in itself, a prime example of the good public-private cooperation for the promotion of international tourism and trade. And our participation in that is important, and we appreciate the accommodation so we can participate in that.

Vail, CO was established in 1962 and is celebrating its 25th anniversary this year. Vail is the country's most popular ski destination resort. Together with Beaver Creek, Vail hosted 1.6 million skier visits in the 1986–87 season, the record year in both resorts.

We have a permanent population of 5,000. The Town of Vail is a home-rule community with an elected council, hot and cold running water, its own bus system which is the second largest in the State, and all as a result of tourism. The town provides traditional municipal services as well as community amenities unique to the resort setting.

Vail Associates, Inc., owns and operates Vail's lifts, snow making and trail maintenance systems, ski patrol, on-mountain restaurants, and merchandise facilities, two base facilities and real estate sales, and also owns and operates Beaver Creek Resort.

The Vail community encompasses 56 lodges and hotels with a total room inventory of 3,300 rooms. The "pillow count"—and we had some discussion about that last evening——

Chairman **Skelton**. What is a pillow count?

Mr. **Kanally**. A pillow count indicates the number of individuals who can be accommodated overnight in the community on a transient basis, and that pillow count for the greater Vail-Beaver Creek Resort area is in excess of 20,000. Lodges range in size from less than 20 rooms to more than 300 rooms. With 72 restaurants and over 100 shops, Vail is a complete resort community.

Our organization, the Vail Resort Association, incorporated in 1964, serves as the community's chamber of commerce, also offering central reservations, convention sales marketing, and special events services for Vail.

The VRA has more than 300 members and an annual operating budget of $1.5 million. Vail is wholly dependent on tourism. The non-touristic businesses are the support services for touristic businesses or for employees of touristic businesses.

In summary, the total annual sales in Vail are approximately $200 million. A full 50 percent of the municipal budget is supported by a local 4-percent sales tax. The remaining 50 percent is spread among property tax, parking fees, and a variety of other taxes and fees.

Marketing for Vail is handled by four general entities. First and foremost is Vail Associates. Vail Associates spends about $3 million each year in marketing Vail and Beaver Creek, primarily in the winter.

Vail Associates is owned by the Gillett Group, the fourth largest television network in the country. The Gillett Group is supporting Vail's marketing with an additional $3 million to $5 million in television advertising for a 1987-88 total of $6 million to $8 million.

In addition, Vail Associates has 16 field sales representatives in major cities across the country, selling Vail to ski groups. VA retains an advertising agency in Seattle, and a public relations firm in New York City.

The Vail Resort Association is the second major entity coordinating groups sales, cooperative advertising, promotions, and media relations activities for the Vail business community. VRA has an annual investment in these activities, including administrative support in excess of $1 million. About two-thirds of this effort is dedicated to the non-ski months balancing the seasonal nature of Vail Associates' advertising.

In addition to direct advertising expenditures, the VRA has executed promotions in its top eight market cities which have resulted in $6 million in exposure over the past 12 months. The VRA's group sales department is responsible for about 25,000 unit nights each year. The total gross in lodging sales and retail sales in Vail attributable to the efforts of the Vail Resort Association is $37 million annually.

The third market entity is the Town of Vail itself and public participation in marketing and itemized in the testimony before you. The Town of Vail views its contractual support of the resort association, its support of the performing arts, flowers and landscaping, special events like the Coors International Bicycle Race, The Symposium, Christmas decorations, and it is supporting the World Alpine Ski Championships in 1989 and those kinds of expenditures, to be marketing-related, and we concur with that.

If you add into that the free bus service, which I mentioned earlier is the second largest bus service in the State, serving 2.9 million riders in 1986-87, the 12-month period, the total investment in marketing-related activities for the Town of Vail is $2.5 million.

In addition, the fourth entity, taking the lodging, restaurant and retail community, supplement cooperative marketing efforts with their own individual marketing association, the mountain company and the town with their own individual marketing. It is difficult to quantify this expenditure, but Vail's hotels, for example, employ a total of 25 full-time convention sales people.

The conservative estimate of the sales and marketing and advertising expenditures of the Vail business community and apart from these other aforementioned expenditures would be $2 million to $3 million each year, including staff and advertising.

My concluding statement is quite simply, if Vail were a State, it would rank in the top 10 for marketing expenditures.

The committee also asked for information regarding cooperation with USTTA. Vail has participated with Ski USA, a professional association representing 14 U.S. ski areas in cooperation with USTTA in Australia, Canada, England, France, Germany, Japan, and Mexico.

Ski USA was the primary funder with USTTA, providing 20 percent matching funds and use of USTTA's offices in contacts in each country.

Vail Associates, together with the other 13 areas involved, spent about $150,000 in this program. I have with me some samples of brochures that were published in the various languages, and they are magazine-style supplements that feature each of the USTTA, Ski USA member resorts, and using USA Captures the Spirit which is the theme of USTTA.

Chairman SKELTON. I would ask Ms. Pulley to mark each one of these as exhibits beginning with 1, 2, 3, 4. Ms. Pulley, if you would do that for me so we may have them.

[These exhibits are being held in the subcommittee files.]

Chairman SKELTON. Please proceed.

Mr. KANALLY. Thank you.

Of special note, in working with USTTA, was the hosting in Vail of the 1986 Challenge of the French Ski Instructors Organization, involving 1,400 French ski instructors here in April of 1986.

Most recently, Vail has been selected as the site of the 1988 Trophee Revillon, a major international dog sled race, slated for mid-January. A Transatlantic satellite press conference, in preparation for this event, will be broadcast from Washington, DC with the cooperation of USTTA later this month.

Representatives of Vail Resort Association and Vail Associates will participate in a conference, and my understanding is that the conference will be broadcast simultaneously to Paris, Montreux, and Toronto.

I have examples of direct international marketing efforts by Vail Associates. The first is package brochures in Japanese through Tokyu Tours, and I am sorry, I don't have the spelling of Tokyu Tours. That was initiated this year, and is a brochure that is going through wholesalers in Japan for travel packages and consumer brochures in Japanese, which simply is a Japanese overprint of our Vail Associates U.S. brochure. These I would like to also submit to you as evidence of the international marketing efforts of the private sector.

There are several product enhancements and market expenditures that should be added to the testimony.

To improve its competitive stance and further distance Vail from its nearest competitors, Vail is increasing its snowmaking capacity by 50 percent this year, with the eventual goal of allowing for an earlier opening of the season, perhaps as early as mid-October in future years.

Also under development is a greatly improved children's mountain, with the goal of bringing more children into the sport.

As others will testify, the maturing ski market is a national trend. It is a baby-boomer phenomenon. The average male stops skiing at age 41, the average female at age 38. That is where the baby boomers are now. Direct marketing of skiing to children is important.

In addition to the printed testimony, I would also make the committee aware that we are under consideration for a ballot issue in the fall for a 66,000 square foot conference center for Vail and also a business license fee which would be a mandatory contribution for marketing funds on the part of all businesses in the town to the amount of about $600,000 annually. These are enhancements in addition to the marketing efforts of Vail.

Finally, as mentioned by Congressman Campbell, the 1989 World Alpine Ski Championships promises to bring to Vail, to Colorado, and to the United States a conservatively estimated $50 million in press coverage, talking about skiing in the United States to the 60 percent of the world's skiers who live outside the United States, and it is an extremely important number to the ski business.

This event was gathered with much effort, and I believe that is also a significant investment, both publicly and privately in the marketing of Vail.

Attached to our testimony is some additional demographic information which I won't take the time to go over with you now—an itemization of the market in which the Gillette Group owns television stations, and finally, tracking the number of people.

This is the final document in my testimony. In a resort community, it is very difficult when you don't have a paid gate, and recognizing that this will appear in the Congressional Record—but one very accurate way of tracking the number of people in a community is to measure the amount of treated effluent; that is, their output.

And I felt that considering the amount of effluent that you guys have to deal with, it would be good to see at least part of this documented on a graph. The major point to be made by this graph is quite simply the seasonality of our business.

We have peaks and valleys, strong peaks and valleys, and it is very important to realize that if we are to have continued viability of the mountains of Colorado, we must find a summer and shoulder season equivalent of skiing to attract people.

We believe strongly that the investment in the conference facilities will add to that as well as any marketing that we can do cooperatively as a mountain destination to market in the summer.

That concludes my testimony. Thank you very much.

[Mr. Kanally's statement may be found in the appendix.]

Chairman **SKELTON**. Thank you so much, David, for your excellent testimony, and we wish you well and hope your tourists this morning will have a very enjoyable time and spend lots of money.

Mr. **KANALLY**. Thank you.

Chairman **SKELTON**. Thank you very much.

Mr. Van Patter? You will have to speak closely into the microphone.

TESTIMONY OF DENNIS VAN PATTER, MANAGER OF PUBLIC AFFAIRS, COLORADO TOURISM BOARD

Mr. **Van Patter**. My name is Dennis Van Patter, 1167 South Otis Place, Lakewood, CO. I am manager of Public Affairs for the Colorado Tourism Board.

Mr. Chairman and staff members of the committee and all of our out-of-State guests, we say welcome to Colorado, and to Congressman Campbell, we say welcome home. It is good to have you back.

Congressman Campbell, with your indulgence, for a few minutes I will digress and give some background on the Tourism Board's program and what it is doing. I say that I do need Congressman Campbell's indulgence because he was a central figure in the program which was begun in Colorado in 1983 when the tourism constituents in the State watched the market share dip below 2 percent of the national market and felt its program was in difficulty.

With the help of Congressman Campbell and other visionary people in the General Assembly, at that time a revolutionary program was passed. The constituents of the State decided tourism was, indeed, a part of economic development.

A milestone for Colorado was putting in place a program of taxing at the rate of one-tenth of 1 percent five segments of our tourism industry. Those segments are lodging, accommodations, food and beverage, ski tows and lift tickets, attractions and ground transportation.

The result of this was a pool of funds which in the first year totaled $2.8 million, and grew to $3.8 million last year set aside for tourism marketing activities.

This large-scale effort is just four years old at this time, and the General Assembly this past spring doubled the taxation rate to two-tenths of 1 percent, which we think in 1987–88 will make $8.5 million available for marketing and tourism programs in the State of Colorado and puts Colorado competitively in about 9th or 10th position nationally.

Tourism currently is Colorado's only large growth industry. We wish that was not the case, but it is. Tourism accounts for 123,000 jobs in the State of Colorado. Tourism revenues in the calendar year 1986 were $5.4 billion. Tourism accounts for a total of 10 percent of the total Colorado economy.

The Colorado Tourism Board, as I said, is primarily a marketing organization. Of our budget of $8.5 million for this fiscal year, approximately $7.5 million will be dedicated directly for marketing activities in the areas of advertising, publications, direct marketing, media relations, special markets, welcome centers, and promotions.

I believe Congressman Skelton and Congressman Campbell both have copies, or should have, I would hope they do, of Colorado promotional materials. We want you to be able to see what those look like.

Chairman **Skelton**. We will ask Miss Pulley to also designate these appropriately for our records. I might say that this will be the case. Make sure that we have the exact copies that you wish us to so designate before you leave.

[The promotional materials referred to above are being held in the subcommittee files.]

Mr. VAN PATTER. The biggest part of our marketing program is in advertising. As far as statewide advertising, because our State is so diverse, has so many different destinations, so many attractions, so many diverse cultures and areas of geography, it is difficult to advertise Colorado as a whole.

What we try to stress is the beauty of the State, the activities and amenities available here, to try to attract as broad a scale and range of people as possible.

We hope, and we think, this is working, because over the past four years since the program was initiated, we, in the State of Colorado, have had an annual average gain of 5 to 6 percent in the tourism business, which has been a bit ahead of the national average.

We tracked this through the tourism promotional taxes, and we get a good idea of what is happening through that. This year with the new budget, some new doors are opened. Some of the new programs will be implemented by our research division to tell us whether or not what we are doing is right or wrong, and how to modify it to get the best return on our dollars; a constituency relations committee for the Colorado News Bureau, which will be one of the most aggressive tourism news bureaus in the Nation; expansion of our welcome centers from a new direct marketing program; and some new promotional programs.

But I want to touch at this time on a subject that is of increasing importance to Colorado. You have already touched on it. That is our international marketing efforts. It is a sort of program that needs a lot of study, that has to be entered into carefully.

It cannot be entered into with a shotgun sort of approach. We have been involved in cooperative programs in the State aimed at international markets with the cooperation of the Office of the Governor and Department of Local Affairs. We participated in two recent missions to the United Kingdom, which is an important market for us.

At this very time, we are cooperating with the States of Utah and Wyoming in a Rocky Mountain Mission to Germany and The Netherlands. We will be participating in the international trade shows in this area and Tokyo, London, and Berlin, and this next week several of us, including several people here in the room, will be journeying to a meeting of Japanese trade officials and an official of United Airlines on the subject of putting together what I think is a first of its kind, a marketing book in cooperating with the State of Wyoming, which features packaged products for the State of Colorado, which will be used to market Japan for the next three or four years.

Our private industry in the State must put together the packages. The Tourism Board has participated in that cooperatively, and this is a very important theme here, that the State of Colorado has not packaged its tourism product. We can tell international travelers what our amenities are, but in order to do the most effectively in the international market, we must package the product.

For the summer product, that means contacting each region to put together two- to three-week itineraries. We do not currently have a good inventory of that product, but it is something we are working on. Two other things we think are very important to international travel and for tourism in the State of Colorado are the upgrading of Stapleton International Airport into the true international airport, and the Colorado Convention Center, which will bring together people from not only the United States, but other countries as well, for meetings and conventions and will give us an opportunity to market the State of Colorado to them.

The program we are involved in is rather large in scale. It is very young. But it is developing some presence in the marketplace, and we feel the results are positive, and I look forward to working with our industry and with the national programs in the years ahead to promote Colorado as one of the premier vacation destinations in the United States.

Thank you for the opportunity to testify.

[Mr. Van Patter's statement may be found in the appendix.]

Chairman SKELTON. Mr. Van Patter, thank you very much.

Mr. Lay.

TESTIMONY OF JOHN LAY, PRESIDENT, COLORADO SKI COUNTRY USA

Mr. LAY. Mr. Chairman, Congressman Campbell, I am John Lay. I live at 650 Ash in Denver, CO. I serve as president of the Colorado Ski Country USA and also as chairman of the Governor's Council on Tourism in the State of Colorado. I also wish to echo the comments made earlier in terms of welcoming you to our beautiful area.

I would like to divide my comments, if I might, into three separate categories. First, I would like to focus on the trade association of Colorado Ski Country USA, specifically giving you a sense of how we have, now in our 24th year, worked to develop this particular industry.

Second, I have a brief video that I would like to share with you, regarding the Colorado ski industry which we have taken around the county, and third, I would like to speak on the issue of an international subcommittee on tourism.

Some of the comments, Mr. Chairman, that you made with regard to our States such as Colorado and Missouri, benefit from those kinds of efforts.

Colorado Ski Country represents 28 ski areas in the State of Colorado. We represent approximately 20 percent of the North American ski product, of which Vail is our largest single location. We had approximately 9.4 million skier days this year, and while the industry has generally flattened, we have compounded growth of 4 percent per year (skier day growth) over the course of the last 10 years.

I think the greatest strength of Colorado skiing is that we are extremely diverse. In your packets, I have included a map of the 28 ski areas located in the State of Colorado, and I think that you will see later that a number of the so-called "World Class Resorts" can be found there ranging from the southwestern tier up throughout the State of Colorado.

I think several significant efforts have evolved in the last several years involving our ski product as well as the overall Colorado tourism product. The Colorado tourism industry is particularly committed to expanding awareness of our product. Telecommunication advertising is increasingly important, and the point made earlier with regard to what the Gillette Group has done in advertising Vail through a number of their television markets speaks well to the fact that people who are readily attracted to a location like Vail or Colorado frankly need to be made more aware of each.

I think that point also transfers to the international arena as well, because, frankly, the mountainous regions in the United States in markets such as London and Tokyo are not well known.

We take it for granted that people have heard of the Rockies, but in London when you say Rockies, people think of Lake Louise in Canada, and I think this is a very important issue that we need to underscore.

That is typical American smugness, but how well American tourist attractions are known throughout the world is a very real issue. We need to—through a number of various efforts, many of which are already underway—underscore the importance of Colorado and America as a destination location.

We have made significant efforts in Colorado Ski Country USA that I would like to highlight for you, Mr. Chairman, which will give you an idea of how Colorado Ski Country, in the last 24 years, has been able to develop awareness of skiing.

First, we go to 20 markets each year in conjunction with United Airlines and a program known as the Resort to Colorado Program. In that effort, we reach out to a little over 6,000 travel agents throughout the country, and we share awareness of the Colorado market as well as assist the individual travel agents in how to book a destination vacation to Colorado. Because, interestingly enough, currently 70 percent of all our skier days come from outside the State of Colorado.

Second, we do a video news service during the ski season. It is produced exclusively through the efforts of Colorado Ski Country USA and the Tourism Board and distributed to over 20 markets throughout the country. It is a six-minute video which is updated weekly and distributed from December through March. The first portion of the video is an overview of one of the individual ski areas of Colorado. The second segment is an individual ski tip which might have to do with waxing your skis or might have to do with snowboarding, et cetera. And the third segment is a very simple synopsis of the number of inches of snow which has been received during the past week. This 6-minute combined product has proven invaluable in terms of making more people aware of the Colorado ski product.

Additionally, we hold 10 major media events around the country. I returned yesterday from a Series of 3 that we did in the California markets of San Diego, Los Angeles, and San Francisco. We typically invite the electronic media, print media, as well as selected free-lance editors and publishers to basically talk Colorado and to talk skiing. We find that these media events materially enhance other awareness and education efforts that we do on behalf of skiing as well as the Colorado product.

Fourth, we go to consumer shows throughout the country. We have shared with you a copy of our consumer brochure which we produced 250,000 copies of this past year and we distribute throughout the country at consumer shows. We find that this fourth component is important, so the individual consumer can sit down, focus on which ski area they would like to ski in, kick the tires in terms of price and amenities, as well as the difference between the Tellurides and Crested Buttes and Aspens. We find the personal contact to be very important.

Fifth, we bring in a number of individuals who are presidents or executives in the local ski clubs or people from areas that are interested in familiarization trips. With the help of our principal transportation friends, Continental and United Airlines, we bring these people in and give them an opportunity to ski our slopes, to experience our ski towns, and to do exactly what Congressman Campbell has done, to ask them to look outside.

Finally, the individual areas (the Vails, the Steamboats, et cetera) do a tremendous job on their own. They develop individual relationships through direct mail, through their own form of familiarization trips, through excellent experiences which bring people back for repeat vacations, and through a constant commitment to the ultimate consumer—our guests.

We find that through this six-stage process, awareness and interest in skiing in the State of Colorado is at an all-time record level. And I might say, in conclusion, before I show you the video, that much of this would not be possible without the efforts of our congressional delegation, both senatorial and congressionally, in terms of highlighting the importance of the industry known as Colorado skiing. Now, let me share with you the video, if I might.

Chairman SKELTON. I might tell the reporter that it will not be necessary to take the wording from the video.

Mr. LAY. It is highlighted in the packet and the transcript is available.

[Due to technical problems, the videotape was not shown in its entirety.]

Mr. LAY. Let me highlight some portions of the video which were not shown. The important thing is that skiing is fun and tremendous family recreation. Colorado skiing is very popular in a number of different markets. We are finding that people are very much interested in Colorado; very much interested in tourism, and I am sure that would translate not only to Colorado, but Missouri, and other States. The most important reality in this current market is the fact that we are increasingly in the electronic age, and you need to have studio quality product (video/audio tape) which can be utilized in a number of different markets. Today the visual medium is King.

The third and final category I would like to highlight for the subcommittee, involves our Governor's recent efforts regarding international tourism. I think my remarks are summarized for you in the packet, but the most important piece is in making reference to three principal markets.

Currently, our number one market in Colorado for skiing is Australia. Part of that is a function of the fact that a number of people from Australia have come and skied here for a number of years and also worked on our ski slopes. Japan and Europe are also of significant importance to us. The Governor's personal travel to these markets has been most helpful to gain increased awareness of Colorado. Through the coordinated efforts of the Tourism Board, Colorado Ski Country, and the individual areas such as Vail and Steamboat Springs, we are reaching out to do basically the same type of effort we have done in the United States.

Number one, awareness. Number two, we have to reach out to the leaders, be they in the media, be they among the various ski associations, et cetera, or using Ski USA, which is the same organization that was discussed earlier by Mr. Kanally. Leaders will bring numbers of skiers once they are familiar with the U.S. or Colorado product.

The single most important reality is that 80-85 percent of all skiers in the world are outside the United States. And even among that group, there is a large proportion that is not aware of Colorado.

Second, there are a number of people who are intimidated by the sport of skiing and do not find tourism in the United States as being particularly "user friendly." And so, I think if there is a particular focus for this subcommittee, it would be important, in my opinion, to try and focus on how we can make the U.S. product more user friendly and understandable for people speaking other languages. Many people have never had the opportunity to visit Vail, or Aspen, or Glenwood Springs, and the most important feature is through cooperation with the transportation industry and offering explanations of our product in the appropriate native tongue.

We find that in working with the United's, the Continental's, the Pan Am's, and TWA's, et cetera, that it is always top priority for them to ultimately have their seats filled. Consequently, we need to have key leaders from key foreign markets come to our areas to experience our product, and through the familiarization process the satisfied leaders will quickly help to fill the seats. That is the single best thing we can do.

We can pay lots of money for printed advertising, for telecommunications advertising, et cetera, but in the final analysis, until someone has stood at the top of Vail and experienced the exhilaration of skiing down on any number of slopes and experience the appeal of the product we have here, everything else is really quite secondary.

The final comment that I would like to highlight with you, if I might, is that we find that our cooperative efforts with the State of Wyoming—the efforts cooperatively with Wyoming and Colorado—which were highlighted for you a minute ago, is a direction that makes all kinds of sense. It is very consistent with the efforts we have in Colorado Ski Country where we have 28 areas working in cooperation with each other.

On one level, one would question whether it makes sense for Aspen and Vail to work with each other, but in reality it makes good sense for them to work with each other up to a point in time.

Once they have gotten people aware of the specific region, or State, then let them compete aggressively for the ultimate visitor. This type of cooperative effort is now working for Colorado and Wyoming.

Another point I would like to highlight is the fact that we would like to encourage the chairman, or members of the committee, to come either to our interim meeting, which will be held the second week of February in Crested Butte, or the annual meeting the fourth week in June at the Broadmoor in Colorado Springs.

Congressman Campbell has attended these in the past. We would like to have—love to have any members of the committee who would like to come to please do so. We appreciate your presence here today.

Chairman SKELTON. Mr. Lay, we do thank you.

Ms. Kochevar?

TESTIMONY OF ELAINE KOCHEVAR, CHAIRWOMAN, COLORADO RURAL ECONOMIC DEVELOPMENT TASK FORCE, CENTRAL MOUNTAIN REGION

Ms. KOCHEVAR. Thank you.

Chairman SKELTON. Speak closely into the microphone, please.

Ms. KOCHEVAR. Thank you, Mr. Chairman, Representative Campbell, and members of the panel. I am Elaine Kochevar, 709 East 6th Street, and I am Chairwoman of the Colorado Rural Economic Development Task Force, Central Mountain Region.

Chairman SKELTON. Which city?

Ms. KOCHEVAR. Leadville, CO.

I am also executive director of the Leadville Chamber of Commerce. I have been asked by the committee to give a report on the rural economic development strategy that we have been working on since about April of this year. I have provided you with volume II, which includes all of the recommendations and issues from all five regions of the State.

I will be reading from volume No. I, and I will then leave the volume No. I, which is a summary of all of the sectors within the State and the plan that is currently being drafted to be implemented.

Chairman SKELTON. That will also be listed as an exhibit.

[The volumes referred to above are being held in the subcommittee files.]

Ms. KOCHEVAR. Right.

The Colorado Rural Economic Development Strategy is the compilation of recommendations for Governor Romer and the Economic Development Action Council Task Force. These recommendations are the result of an expensive grass-roots process to identify and build consensus on key issues and strategies to assist local communities in capitalizing on existing and developing new economic development opportunities in rural Colorado.

On January 12, 1987, Governor Roy Romer released the strategy plan for economic development. The document was a result of a series of economic summit meetings held throughout the State. During these meetings, a total of nearly 2,000 Coloradans offered their energy and insight about the Colorado economy.

One of the initiatives in the strategy plan calls for the creation of a rural development committee as an ongoing mechanism to rural strategy and assures progress and success.

The Rural Development Task Force was established by the Governor to develop a rural strategy. The task force was established in five regions. The five regions are the central mountains, northeastern Colorado, the Sun Luis Valley, southeast Colorado, and the Western Slope.

Task force members were appointed by the Governor in April 1987 and include regional leaders in tourism and local government. Each of the five regional task forces, with the exception of the central mountain region, were divided into three specific subcommittees with two cochairs for each subcommittee.

Those were agriculture, tourism, business and community development. Each subcommittee was charged with identifying regional rural economic development issues.

The process began in mid-April with a regional orientation meeting at which members of the Governor's staff and cabinet described the Governor's goals and objectives to the task force. During the first two weeks in May, the subcommittees participated in 1-day work sessions with resource people from specific fields. Task force members were then challenged to propose specific drafts for addressing these issues.

By early June, each subcommittee had developed drafts of regional plans which were outlined and discussed during a total of 19 public meetings held throughout the State. This is the first time we have had this many people come together and contribute, and certainly in the area of tourism.

Where the subcommittee determined it was appropriate, public comment received during these meetings were incorporated into the subcommittee strategies. These final subcommittee plans were the focal point of a working session on June 22d, which provided a forum for subcommittee cochairs and regional chairs to share information across regional designations to building consensus around issues and strategies.

Finally, work sessions were held in each region to reach summaries based on the subcommittees' reports. These summaries were turned in to the subcommittee document and were sent to the task force staff and served as a basis for the Rural Economic Development Strategy. The first draft of the document was distributed to all subcommittees in mid-July for public comment.

The summary of the proposed recommendations are included in the first volume of the report, and they are presented first as regional summaries, and second under the sector categories of agriculture, tourism, and business and community development.

However, there were several key issues that not only are regional but sector areas as well. And these include the marketing, financing, transportation, legislation, technical assistance and public and private partnerships, with the exception that every subcommittee identified the importance of effective marketing activities on rural economic development.

This issue recognized the vast rural resources of the State and its historical and cultural heritage, small business economy, its diverse products, and its natural scenic beauty.

The proposed marketing strategies are geared toward strengthening the quality of these Colorado products, the development and maintenance of suitable markets, et cetera, indicating producers and consumers and increasing promotion.

In addition, effective marketing programs are dependent upon access to available research and data base. The task force, therefore, recommended that the State convey its efforts on improving both access to various information and the quality of marketing research. The issue of adequate financing was recognized by the subcommittee members as vital to a healthy rural economy.

Although the task force clearly articulated the need for traditional types of financing, including revolving accounts and loan fees, it also recommended consideration of strategies beyond the limited definition of capital generation.

Transportation infrastructure without the maintenance and construction of needed infrastructure systems in Colorado's rural communities will continue to miss potential economic development opportunities especially toward tourism opportunities. Infrastructural development should be viewed in the context of business investment and job creation. The task force recommended that a Department of Transportation be established to coordinate and improve the current and expensive planning of new transportation systems throughout the rural areas.

Additional responsibilities recommended to the proposed department include: Accessing both public and private funding sources, reviewing other and current highway signing, revising the current highway funding criteria and coordinating various transportation departments to maximize the potential economic development and tourism.

To assist the Department of Transportation initially, it was recommended that a blue-ribbon task force bring together representatives from rail, trucking, airlines, busing, and public utilities industries to produce a rural transportation and communications blueprint.

Finally, although the subcommittee members did not reach a clear consensus regarding summer tourism or the new Denver airport, members strongly recommended that all planning activities surrounding these new facilities remain sensitive and provide tangible opportunities for the generation of economic development outside of the metro Denver market. Resolution of rural economic development issues requires the participation and commitment of the Colorado State Legislature.

Subcommittee members identified a number of areas where they recognized the clear role for State-elected officials in facilitating the development of a suitable rural business climate. Strong consensus exists among the task force members on the importance of the State's role in providing technical assistance to local communities.

The mechanism to deliver this assistance, including staff and information resources, must be readily accessible, timely, and efficient. A regional rural organizational structure is recommended by the subcommittee members as the most suitable approach for the delivery of technical assistance in the field for the three sectors and categories, and translated into regional advisory groups for agriculture and tourism organization, and the designation of regional field offices for the Department of Local Affairs.

In addition, the State must access current technology in communications and information exchange systems as it develops mechanisms to respond to data requests. The task force recognizes that current financial limitations could hinder the implementation of the vast majority of the proposed recommendations.

Therefore, additional creative partnerships between the public and private sectors must be established. The State must organize an effective system to access the vast amount of expertise in the private sectors as it addresses rural economic development issues.

I would now go to the tourism sector and related issues that were identified by the subcommittee in rural Colorado.

Chairman SKELTON. Would it be possible for you to summarize those?

Ms. KOCHEVAR. Yes.

Chairman SKELTON. We are beginning to have a time problem.

Ms. KOCHEVAR. I would just cite the issues, not the strategies.

Chairman SKELTON. Very good.

Ms. KOCHEVAR. Regional tourism efforts should be undertaken to market the network's projects. The regional tourism committees should not, however, limit the work to individual communities or organizations in any way. The State's highway and transportation systems must be operated to provide improved services to Colorado's extensive traveling public. Colorado has an unlimited variety of services and infrastructures for tourists and visitors.

Currently, the State is operating at much less than capacity. An increased marketing emphasis in rural areas would significantly improve the rural tourism industry. Due to the hard-hit economy in the rural area, funding for key tourism programs is often lacking. Funding issues must be addressed in order to promote rural economic development. Improvement of the many Colorado attractions and upgrading of that activity and programs and networking related to these programs would greatly benefit the overall Colorado tourism industry. Ongoing education programs in hospitality and tourism training are key components of an overall healthy tourism industry.

A major problem facing the rural Colorado tourism industry is lack of information and data and lack of accessibility to technical assistance directly related to tourism. This data and the resulting technical assistance are necessary to prepare and implement regional marketing plans, and I would like to say that in many cases there are many fine attractions and events going on in all of rural Colorado.

But, unfortunately, we do not have the funding to implement the market plans as major resorts do, and, therefore, people simply do not know about it and are not receiving the word on the history and the events of many of rural Colorado's communities.

Another major thing that you could probably help us with is highway signing. If you are on the Interstate system, you simply do not know what might be 20 or 30 miles down the road.

Thank you.

Chairman SKELTON. Very well done. Thank you very much, Ms. Kochevar.

Mr. Campbell.

Mr. **Campbell**. Thank you, Mr. Chairman. I have a couple of comments and questions. I am sorry Dave had to leave a little early.

Just for your information, Mr. Chairman, I might point out if you look through the brochure that David handed out that the Town of Vail is only 25 years old. And I guess maybe I notice the difference since I come from a small town, and the biggest thing that happened in 25 years there is the 7-Eleven opening, but I think if you look around here and realize that 25 years ago this was just a field, it will give you an indication of the stridency and the leadership that the people in this valley have taken in building this beautiful town.

A couple of questions, maybe of Mr. Van Patter: One, the Tourism Board, last year when I was in the legislature, I authored a bill I couldn't get out of committee, but this year it did under Senator DeNier, from lodger tax to city-wide and county tax, if done with the approval of the county by voter choice. That money was earmarked only for tourism. It could not be transferred to buy tires for dump trucks, and highways, and so on.

Has the tourism council done any projected figures on what that would mean for a total flow of money that would hopefully promote tourism for Colorado if that is implemented Statewide?

Mr. **Van Patter**. A research planner is working on projections now. We haven't done any projections. We look at that bill a little bit cautiously because of the general referendum clause in it. It has been up once to my knowledge and has failed.

Mr. **Campbell**. In Alamosa. Taking it to Durango and/or La Plata County next month.

Mr. **Van Patter**. We haven't done any specific projections on the revenues, but our official position on it, we feel it is an effective tool for local tourism jurisdictions to raise funds. One of the things we want to do to tap in with that, this year for the first time we have allocated $180,000 of our budget for regional cooperative programs. We expect that is going to grow considerably in the years ahead as we begin to put our dollars with local dollars for marketing on a regional type of basis which can be much more specific than our general marketing.

We think that Senator DeNier's bill can really provide an impetus for the local communities to raise the funds needed for the planning of a regional co-op program. I think the critical construction of the issue—the critical matter here is information. The information that, although it is a tax, it is a tax shared by out-of-State visitors as well as local people traveling around the State. It is an equitable tax and can go for a lot of good purposes.

Mr. **Campbell**. I think the secret of getting it passed is selling it to the voters as an investment and not a tax. Clearly, the money we put into tourism has brought back much more than we spent. The reason I wanted to bring that out, that is one of the methods of funding for some of the programs Ms. Kochevar spoke about.

I might say that I am sorry that Dave has left. When you brought a look of surprise in something about pillows, the number of pillows, which is an indication of the number of people that are supposed to be staying in town, I don't know if the other out-of-town people stayed overnight, but there are three pillows on my bed. I am not sure what that means. If there is anyone from the staff here, you might pass that on. The count may be one-third longer.

Another thing you mentioned was advertising to suit the market. That was very, very important. We have a group of Japanese visitors in Vail today. And I spent years in Japan and speak Japanese and know very well when you deal with foreign groups you have to take into consideration a whole different standard of how they live and how they move and how they do things. We tend to promote tourism many times in the United States to the individual. Get away from it all. We have a beautiful picture of someone sitting by a stream out in the mountains, and now we have the Colorado brochures that we sort of inspire people to get away, to go out in the woods and do the things that are kind of individualistic.

But the Japanese do not do that. Their culture puts more emphasis on groups, rather than the individual, and the individualist is kind of looked at a little strangely over there. So when you take into consideration that kind of marketing toward the group, you have a much better success rate with groups—some foreign groups such as the Japanese. I would like to commend you on doing that.

And, John, in response to your testimony, I wanted to know if you would point out to us, for the record, the relationship between the Association of Ski Towns and Ski Country USA.

Mr. LAY. We find them to be very, very beneficial. We jointly host each year a legislative retreat for approximately half the State legislature. Increasingly, we find that in working jointly with the Colorado Association of Ski Towns that not only is it beneficial for us, but beneficial for them. The ski industry has kind of evolved into a form of maturity, if you will, in which the destination skier—and particularly when they come to a ski location—they frankly want not only rustic lodges and the best snow and the best lifts in the world, but they also want a place to shop, a place where they can have a selection of gourmet restaurants, local experiences and the local flavor.

Frankly, that is a very real element of what the Colorado Association of Ski Towns can offer. The converse, obviously, is that we do have areas which have majestic hills but no ski town for a number of miles. Frankly, those ski areas are working with one hand behind their back, because, frankly, part of the overall market mix does not provide the opportunity for couples or the family to go down valley and to shop or possibly to experience some of the other amenities of the Colorado outdoors.

We have findings, particularly in markets like Texas and California, that events like hot-air ballooning, ice skating, the opportunity to go fly fishing, even though the ski experience is going on, are inducements that our competitors cannot offer, and that is very, very important.

The Colorado Association of Ski Towns and their member towns are very helpful in putting this total product together.

Mr. CAMPBELL. So you coordinate many things?

Mr. LAY. Very much so.

Mr. CAMPBELL. Just for your information, John, and anyone who is interested, we are only 30 more signatures away from getting our Ski Day bill passed. For those who are familiar with it, I sponsored a bill to name January 8th as National Ski Day. We need 218 cosponsors for passage, and we are at 185. We are getting close to that.

And one other thing, in addition to this subcommittee which deals with tourism, there is also a tourist caucus you might be aware of in Congress, a bipartisan group of people who are concerned about tourism, and we are now trying to make the arrangement to have them meeting this spring. It looks like it probably will be March, although I am not sure yet, and probably Steamboat Springs, and we are not sure of that. But you might keep that in the back of your minds. We hope you get a large group for that, too.

Mr. LAY. If I might make one comment, you will be interested to know the ski hill that we constructed was covered by 35 national television stations in the Today program the next day, and I wanted to thank you for walking on the 100 tons of ice cubes because it was well worth it on behalf of Colorado tourism.

Mr. CAMPBELL. I am sorry I didn't ski down with Senator Wirth, but given that I have a trick knee and knowing the press, I knew I would take a spill and it would be all over the front page and people would associate it—if I was lying there holding my knee—with skiing, so I passed on the invitation to ski down that slope. Thank you.

Chairman SKELTON. Thank you. Can any of the three of you tell me the total amount of money spent in Colorado on marketing Colorado tourism? The amount from the private sector, or from the government sector, or both.

Mr. LAY. The government sector on tourism expenditure is $3.5 million this last year.

Chairman SKELTON. How does that compare to previous years, Mr. Lay?

Mr. LAY. It has been approximately at that level for the last three years, and I believe our tourism tax in the State of Colorado also provided the authorization for the local variations which Congressman Campbell spoke to.

Mr. CAMPBELL. Before that time, Mr. Chairman, before we passed that, the State's involvement was about $200,000 a year. That was all they were putting into it.

Chairman SKELTON. I noticed, before Mr. Kanally left, he was speaking on four different entities marketing Vail. And I was wondering if there are any types of figures available from the private sector on marketing attempts. Does anyone on this panel have access to that?

Mr. VAN PATTER. Congressman, the best figures we have available are projections done through the U.S. Travel Data Center, and some through our own research. We have always said that when our budget was in the range of $3 million to $3.5 million, that the private sector's investment was approximately 10 times that amount. So that is our market.

Chairman SKELTON. Could you, for our records, supply us with a letter detailing that? I would certainly appreciate it and it should be a part of this record to compare with what the State of Colorado spends. I would be most appreciative, and I know our whole subcommittee would.

Mr. **Van Patter**. Yes, we will take care of that.

[Information requested may be found in the appendix.]

Chairman **Skelton**. I also notice, Mr. Lay, that Ski Colorado has done a pretty good job of coordinating 28 ski areas. In truth, and in fact, they are competitors, aren't they? Now that I have vented my frustrations to your Congressman, Mr. Campbell, and others, on the fact that the different parts of America are not willing to cooperate as they should in working together, particularly for the foreign tourist, could you tell us how you do it on these ski areas, because if you can do it, then we can get the different entities throughout our country to do the same thing, and it is frustrating for me as the subcommittee chairman wanting to do something and have everybody pull in a different direction, and tell us how you do this.

Mr. **Lay**. Colorado Ski Country USA was founded 24 years ago primarily through an assessment against each of the individual ski areas, and obviously a ski area such as Vail would pay a larger share than the Conquistidors and Eldoras' shares, and that serves as a funding source for approximately the first 15 years of the existence of this organization. Then we invested in what is known as a Gold Pass, which is unlimited skiing for any subscriber for one season. And now that has expanded to the point that we have a little bit over 400 season passholders who purchase this product each year for approximately $1,600 a season.

Chairman **Skelton**. It is transferable?

Mr. **Lay**. Totally. It is purchased by businesses as well as individuals, and then the third source has kind of evolved to the point of cooperation in tourism with our corporate sponsor relationship. For example, we have a corporate relationship with United Airlines. We have a corporate sponsor relationship with Coors Beer, corporate sponsor relationship with both Dodge and Jeep automobiles, M&M candies, and this year, for example, we are doing a consumer ski booth that will tour all of the various consumer shows, which I spoke of a minute ago, and the total costs of the booths is being amortized in the first year using the corporate sponsor relations with Jeep and M&M candies. We believe we would not be able to afford it if we did not have all of the 28 areas working together, and they would be entitled to the same large 70-by-40 square foot booth; but, second, the corporate sponsors appreciate the demographics we have, which makes it easier to do the corporate sponsorship sale.

I must say, in conjunction, Mr. Chairman, with your comments, over the last several months in working with the Tourism Board, we are trying to resolve a golf association here in Colorado, which will focus on the world-class quality of golfing not only on the Front Range-eastern plains, but also among the mountainous communities. This is in response to the amount of cooperative effort necessary.

Also, I used to serve on the Wildlife Commission here in the State of Colorado, and the wildlife and fishing interests are working together now to advertise in the international marketplace. They went to London with the Governor to focus on fishing. Fly fishing is very big, you know, in Great Britain, as well as bird hunting, elk hunting, et cetera, and I think the point you made is well taken.

I think that all of the effort cannot come from the public sector. The private sector needs to get certain cooperative efforts, and without being too self-serving, I think that is very much in evidence here in the State of Colorado. The hotel-motel people are in cooperation with the ski towns and the Tourism Board, and I think in the final analysis, even though we have significantly expanded the public investment in tourism, over the last several years I have seen no effort whatsoever in the private sector, and it is like the snowball going uphill, and we have to contribute more and more. While we would like to have the public contribution, the sense of the contribution financially, as well as the cooperation, is very, very important and remains the same.

Chairman **Skelton**. Thank you so much. You summarized excellently. We appreciate the panel members, and, Mr. Van Patter, please get us the additional information, and we do appreciate your being with us.

[Additional material may be found in the appendix.]

Chairman **Skelton**. The second panel, Mr. Seely, Ms. Baker, Mr. Cisneros, please step forward.

Mr. Seely, we have a time problem with two of our witnesses here, and we need your testimony. Good morning, Mr. Seely. Speak right into the microphone.

TESTIMONY OF RICHARD L. SEELY, ASSISTANT SECRETARY, DEPARTMENT OF COMMERCE FOR TOURISM MARKETING

Mr. **Seely**. It is a pleasure to be here, and I will be as brief as possible, so we can save time. I will be happy to respond to any questions.

I think this hearing is a great opportunity for me to talk about the U.S. Travel and Tourism Administration and about some of the programs we have ongoing. My name is Richard Seely. I am the Assistant Secretary of the Department of Commerce for Tourism Marketing, and I am located in Washington, DC.

I don't need, I am sure, to talk too much about international tourism and its importance. Statistics show it to be a $16 billion-a-year industry for the United States, attracting over 23 million tourists to the country. Not only is international tourism significant today, the market potential is unbelievable according to research studies. For example, from the United Kingdom the United States is drawing 1.2 million international visitors per year. Recent surveys of the long-haul travelers show the market potential to be two million. In contrast, one of the reasons that the U.S. Travel and Tourism Administration is operating its program is that there are literally hundreds of thousands of American businesses, and primarily small businesses, that can market internationally in the UK and other countries that are not doing so.

I would like to spend a moment on the international marketing environment and how USTTA penetrates key foreign markets. With those thoughts in mind it will become clear what USTTA's role is—that of a catalyst operating in a number of ways.

One of the problems small businesses have that holds them back from marketing internationally is that they don't know they have a market abroad. They concentrate their efforts on the domestic tourism market feeling that foreign markets are far away and that no one will come to visit them from overseas. Also a lot of tourism officials, because they are not in a gateway area, believe that international travelers are not worth promoting as they only go to New York, Los Angeles, and San Francisco.

This is not true and I would like to cite a couple of figures to prove it. Seventy to 80 percent of the inbound tourism traffic is repeat visitors, and 40 percent of the people coming to this country rent cars. The people, after the first time coming to the United States, want to get out of the gateway cities and want to see our beautiful landscape. They want to know middle America and what the American people and their culture are like. These and other facts, have been brought out by USTTA research statistics. This information has helped to show the U.S. business community that it has a market abroad.

In terms of USTTA assistance programs, we prepare a manual on our co-op marketing programs and mail it to over 2,000 people. We also conduct marketing conferences throughout the United States and have covered virtually every region of the country. One of the major reasons we hold these conferences is to show people what the tourism trends are and how they can take advantage of them.

Another difficulty that American businesses have—again, primarily small businesses—is that they don't have products to sell overseas. I was interested in the comments of the other witnesses who were saying that you have to package and you have to have products that appeal to the foreign traveler and can be sold by foreign travel agents and tour operators. We think this is a critical factor. Although many firms print beautiful brochures and advertise on TV and in print, unless they have tourism products that can be bought "off the shelf," they won't get the tourist business that they want.

Even though businesses might think they have a market overseas, many have no idea how to promote internationally. During USTTA regional marketing conferences we hold individual planning meetings with the States, cities, and private sector groups and help them develop cost-effective 3- to 5-year international marketing plans in which the agency can participate.

Even if tourism groups have an understanding of the market and have put together an international marketing plan many are not in a position to gain needed partners to help defray program costs. Witnesses who have appeared this morning have talked about the importance of public and private sector partnerships. At USTTA we go out and look for partners, whether they be airline partners, partnerships with foreign tourism groups or public/private partnerships.

Last, we at USTTA work hard through our offices overseas to help implement the programs of American businesses. An example of this is the travel mission consisting of representatives from Colorado who through our foreign offices, met with foreign travel agents and tour operators. In terms of familiarization tours, USTTA offices arrange to bring foreign writers to areas such as Colorado. Specifically, we identify the foreign journalists who can get the best coverage; arrange for airline seats, and so on. The idea is that through our USTTA overseas office, we help States, cities, and private-sector groups implement a co-op marketing project overseas. When we speak of private sector we mean small businesses, because 90 percent of the tourism industry is made up of small businesses.

I would like to take one more minute to talk about a project which provides an example of how USTTA operates today.

We have worked very closely with the Old West Trail Foundation (North and South Dakota, Nebraska, Montana, Wyoming, and the industries in that area). We have had meetings with the group. We have identified target markets for them. What we have also done—and I think this is the pivotal part of the entire process—is brought a German tour operator interested in packaging this area together with the Foundation membership. The result of this is a new 21-day bus tour which will be promoted in West Germany and will bring Germans to this area. The tourism industry from the region will be providing the services to the Germans who come to take advantage of that program and these are virtually all small businesses. These businesses include the Sojourner Inn, the Stage Coach Inn, and the Best Western Warbonnet Hotel and local transportation companies. It is an exciting program and one I think will generate new business for the region.

Another project we are working on involves Americas Heartland composed of the States of Missouri and Oklahoma.

Chairman Skelton. Excuse me, Mr. Seely, it is Missouri. [Pronounced Missour-uh.] [Laughter.]

Mr. Seely. Missouri, Kansas, Oklahoma, Arkansas, Louisiana. We have gone through the same process with this regional group. In this case a UK tour operator, the different States and TWA representatives are putting the final touches on new tourism packages which will be offered in the UK in the spring of 1988. We are excited about the new initiatives.

That would conclude my comments, Mr. Chairman.

Chairman Skelton. Ms. Baker.

TESTIMONY OF PRISCILLA R. BAKER, TOURISM DIRECTOR, NATIONAL PARK SERVICE, U.S. DEPARTMENT OF THE INTERIOR

Ms. Baker. Thank you very much, Mr. Chairman, Congressman Campbell. My name is Priscilla R. Baker. I am the Tourism Director for the National Park Service, which is an agency of the United States Department of the Interior. My official title is Special Assistant to the Director of the National Park Service. I thank you for inviting the National Park Service to discuss our work in tourism, especially as it relates to small business. Our Director could not be with us today and asked me to attend in his stead.

Six years ago, the National Park Service established a tourism function within the Office of the Director. Since then, most of our efforts have been directed toward helping individual national park areas together with the parks' gateway communities and small businesses in those gateway communities, to market themselves better.

We have developed some special programs to affect visitation patterns at individual national parks in the system. We have had some problems during the peak season months of the year. Certain of the older, better-known parks tend to be used too much and other national parks are not well-enough used.

Through the tourism program, we are trying to change those patterns somewhat and to encourage people to explore all 339 national park areas located in 49 of the 50 States and in three of America's territories.

We have participated in travel trade and consumer efforts to promote increases in the inbound markets. We have worked closely with the U.S. Travel and Tourism Administration of the U.S. Department of Commerce; and we are most grateful for the support that the Under Secretary of the Commerce Department and her staff have provided us in these efforts. We have helped public agencies at other levels of the government and also small, local businesses to form new regional tourism organizations. We have conducted specialized tourism studies that have resulted in the establishment of exciting, profitable new business ventures and increases in local tourism-related business.

I think the best example of that would come from central Pennsylvania. You might want to talk with your colleague, Congressman Murtha, who is, I think, well pleased with the efforts that were made by the National Park Service to develop a tourism plan in his district and near his district. He is now seeing to the implementation of that plan to increase business opportunities in central Pennsylvania through tourism.

Earlier this year, for the first time, we produced a special conference to provide the best available tourism-related training to our people and to representatives of small businesses located close to national park areas. One of the earlier witnesses mentioned the importance of providing training to small business people in tourism marketing, promotion, research, and communication skills. Previously, no one was paying attention to the small business people as major travel industry trade conferences were being organized and their seminars developed. The larger, national conferences tend to be very expensive in terms both of time as well as money. Representatives of a small business that is operated by a family, for example, can't afford to spend a week away, or thousands of dollars, to attend a tourism conference.

Accordingly, for the first time this year, we put together a tourism conference to meet that specific need. It was held for the Midwestern States of the United States. It benefitted 10 States in the central United States. Reading now from the invitation of this conference, I quote:

"In the course of our work, we have found our park managers and owner-operators of small businesses involved in tourism, especially, need more training and skills," related to these various subjects. The conference was enormously successful to the point where all who attended asked us to do it again. We will have a national conference of small business people with park and other land managers this coming spring (in March) in Biloxi, MS. I hope that we will get good attendance at that time. We will have a superb faculty.

The National Park Service also has been asked to provide technical assistance to other Federal agencies and foreign governments. We are involved with the Bureau of Land Management and other agencies of the Department of the Interior.

And in the past almost seven years, the National Park Service has helped 105 countries, such as Morocco, establish national park systems.

It has been a pleasure to have had the opportunity to meet with the subcommittee to provide you with information about our tourism promotions and advisory activities, and I would be pleased to respond to any questions you might have.

Chairman SKELTON. I will have questions on the latter item.

Mr. Cisneros.

TESTIMONY OF GILBERT M. CISNEROS, REGIONAL ADMINISTRATOR, REGION VIII, U.S. SMALL BUSINESS ADMINISTRATION

Mr. CISNEROS. Mr. Chairman and members of the subcommittee, I sincerely appreciate being asked to appear before your Subcommittee on Exports, Tourism, and Special Problems this morning to discuss tourism and small business in Region VIII of the U.S. Small Business Administration.

I am Gilbert Cisneros, Regional Administrator of region VIII which includes Colorado, Utah, Montana, Wyoming, North Dakota, and South Dakota. I feel you will agree that just naming these States conjures up visions of mountains, forests, sparkling streams, and natural beauty—all contributors to the tourism industry so vital to the economy of region VIII.

Although this region is one of the largest SBA regions in land mass, it is low in overall population. We are still considered rural territory. Most of our cities and towns are small; most of our businesses are small. Much of the emphasis on attracting new business to increase employment is directed toward the international scene. Success in this area will mean success in tourism. This, in turn, enables small business to succeed since tourism is a small business dominated industry.

Region VIII recently devised a Rural Initiative Program, part of which concerns international tourism in rural areas. The objective is to increase the number of international tourists visiting rural areas by working with and coordinating the efforts of local, State, and regional organizations involved with marketing tourism abroad.

The rationale behind these initiatives is that many small business jobs in rural areas depend on tourism. With the devalued dollar, many international visitors are coming to the United States in greater numbers and staying longer. Rural areas in region VIII, particularly the national parks and ski areas, are their destinations.

SBA's plan is to evaluate the economic impact that domestic and international tourism has on the region and on each State in the region; establish a working relationship with each State Office of Tourism, with regional tourism associations and with appropriate private organizations involved with promoting international tourism; and attempt to stimulate cooperation for international marketing efforts being made among the States and between the public and private sector organizations that promote tourism.

To move ahead with our rural initiative, each district office will work with private and public sector organizations that promote international tourism.

A second Rural Initiative will assist rural small businesses in their efforts to attract and prepare for international tourists by having the SBA cosponsor two regional workshops a year with other organizations that will address that objective.

A dual-pronged thrust in tourism and the minority business program concerns the third Rural Initiative dealing with international tourism. The SBA will work with Native American tribes interested in attracting and preparing for more international visitors. Native American culture and history are of great interest abroad, as evidenced by the recent invitation to a chief of the Assiniboine and Sioux tribes to appear on national Italian television.

SBA will assist those interested tribes in identifying, marketing, and preparing to receive more international visitors. Each SBA district office will provide introductions for tribal leaders to State, regional, and private sector organizations involved in promoting international tourism. We will also provide information on business startups and management concerns.

The six States in the region have become aggressive in marketing their tourist attractions. SBA also has become involved, because with an increase in tourist activity, small businesses have been able to expand service for the growing tourist demand.

Recently, the Governors of five States—four of which are in region VIII—met to discuss combined efforts, resources, and talents that can be used to develop tourism on a regional level. Governor Mickelson of South Dakota called the meeting in Rapid City. Governors of North Dakota, Montana, Wyoming, and Nebraska attended, attesting to the importance of the industry. Although the SBA was not involved in this initial meeting, each district office will be prepared to provide educational workshops, managerial assistance or financial aid to qualified small businesses affected by tourism.

In addition, an employee of the Business Development Program of the South Dakota District Office is a charter member of a task force on tourism for southeastern South Dakota. Through his membership, he will be able to involve and promote SBA programs that will assist tourist-related businesses.

Members of the SBA office in Fargo, ND, met with the North Dakota Tourism Department and the State Board of Vocational Education on October 7 to discuss plans for North Dakota's centennial celebration in 1989. The SBA will sponsor a large number of seminars dealing with improving customer relations. These seminars will be geared to small businesses in the hospitality industry, those that have direct contact with visitors. The expectant result will not only be to present a "better image" of North Dakota but also to entice future tourists.

The SBA office in Helena, MA, is working with the Mountain State Office of Tourism to jointly sponsor a workshop on "Cash Flow Management for Tourism-Related Business," a real concern for an industry that is seasonal. In Montana, an estimated 85 percent of the tourist business occurs during the summer months.

In Utah, a district director is a member of the Governor's Committee on Tourism. The office actively participated in a promotion to increase tourists to its ski industry.

Wyoming's "Super Host" program is another SBA effort to increase and/or improve tourism. This Small Business Development Center initiative SBA cosponsored held 41 sessions in 1987, 22 communities were involved, and 1,075 attendees were instructed on improving the Wyoming tourist market image.

I have cited only a few of the endeavors of SBA district offices. By combining our rural initiatives with international tourism, we are addressing two areas of vital interest to SBA Administrator James Abdnor. They are the initiatives that are paramount to the economic success of region VIII—a rural area with an abundance of tourist attractions.

This subcommittee is to be commended for its recognition of the importance of tourists to Colorado, Utah, Montana, Wyoming, North Dakota, and South Dakota.

I thank you for letting me share with you region VIII's activities to enhance small business' role in tourism.

Muchas gracias.

Chairman SKELTON. Thank you, Mr. Cisneros. Mr. Campbell.

Mr. CAMPBELL. Thank you, Mr. Chairman.

Maybe one question to all three of the people testifying. As I understand your testimony, there are services available through the SBA, USTTA, and some through the Park Service to help communities and help people in the private sector develop a tourist-related agenda. My question is, how do they know it? I am very happy there are many services available, but I wondered how the average person in a community, whether with the community or a private business, knows those services are available.

Ms. BAKER. They don't know. As far as the National Park Service is concerned, in fact, most of the employees of the National Park Service don't know about our own tourism program. We do not have the specific legislative authority to have a tourism program. We are basing our present tourism-related efforts on our enabling act of 1916, which establishes the National Park System. It says that one of our missions is to make sure that the public can enjoy the parks fully. And to us, that says something about tourism. We don't have the specific legislative authority nor a separate budget for tourism. It is operated out of the Director's budget. We don't advertise it.

Mr. CAMPBELL. You can't speak for Mr. Mott. Would you like to have the legislative authority?

Ms. BAKER. I couldn't speak for Mr. Mott. Being one of his staff people, I can't answer that question.

Mr. CAMPBELL. Suppose you could find out and let us know.

Ms. BAKER. Yes. It once was the case that the National Park Service had the legislative authority to handle all matters relating to tourism promotion anywhere in the Federal Government. Some years ago, I believe in 1970, as I recall, a Director in the National Park Service did not think that was appropriate and worked with Members of Congress at that time to have the legislative authority moved to Commerce. Now we have the USTTA. That is the agency that was established when the park service's earlier tourism function was moved to Commerce.

Mr. CAMPBELL. Thank you. Comment from each of you. How do you network that communication for people outside the field?

Mr. SEELY. I think you hit on one of the major concerns we have. The USTTA is a very small operation in terms of the United States Government. The bulk of our people are overseas. To get at the communication problem, we find we can't work one-on-one with the whole U.S. tourism industry. What we have done is work with regional organizations throughout the United States and right now we have a working relationship with the regional organizations that have, I think, 48 out of the 50 States represented from the public and private sectors in their membership. In terms of that relationship, we hold conferences throughout the country, and I would like to mention three recent examples. Last month we had a conference that was referred to just a moment ago in Rapid City with over 300 participants. Those participants came from five States, and represented over 300 private sector groups. The conference produced a good information exchange. We also had a conference the last week of September in Arlington, TX, and over 600 tourism organizations were represented at that one. The early part of this week, we had another tourism conference in St. Paul, MN, for the Great Lakes States, at which 154 tourism organizations were represented. Just one last thing, a packet of USTTA marketing information is sent out to the people who attend our conferences every six months, one of USTTA's principal documents is the Marketing U.S. Tourism Abroad, which outlines all of the agency's co-op marketing opportunities. This edition is organized by country.

Mr. CAMPBELL. Who is that available to?

Mr. SEELY. A mailing list of 1,500.

Mr. CAMPBELL. Is that available to Vail Associates?

Mr. SEELY. Yes. Yes; absolutely. We send it out one copy at a time and 50 to 100 copies to regional organizations, who in turn, distribute to people who are interested in receiving it.

Chairman SKELTON. What is the title, Marketing U.S.?

Mr. SEELY. Marketing U.S. Tourism Abroad. One last point, I indicated in my testimony that we have each year, a U.S.-wide international marketing conference in Washington. We expect this year 500 to 600 private sector, State, and city officials to attend. That conference will be on February 23d and 24th.

Mr. CAMPBELL. Can I get you to send us a package of the brochures to our district office?

Mr. SEELY. I would like to very much.

Mr. CAMPBELL. Thank you.

Mr. CISNEROS. I believe the SBA has done a very effective job in networking in region VIII. My boss, formerly from the State of South Dakota, has indicated his national priorities in two areas: International trade as well as rural economic development (as being his two priorities). So we are really doing an effective job in this area. The first thing we have done in terms of international trade is establish a working committee in each one of the six States that we serve to deal with the issue of international trade. We are reaching out to all the actors involved in international trade that play key roles from each State to meet once a quarter to get the word out to the various communities. We are also planning a series of major conferences in the regions to deal with those two specific areas.

Also, in each one of our States we have an arm of the SBA, Small Business Development Centers. Unfortunately, Colorado and the State of Montana—this is the first year we have those in operation, and hopefully, here in the State of Colorado we will have 14 subcenters, and, in fact, in your area, Durango and Cortez, will be serving out of the Durango area, and the Native American subcenter that will assist the native American efforts, as far as TV appearances to talk about international trade. I know in some communities we visit, every time we get a newspaper we get into the dialog about economic development and also rural economic development in correlation with international trade. In the area of Native American development, there are a series of three major meetings. The first meeting was to gather all the experts from the six-State arena to try to do more about the huge unemployment rates in the Native American communities. In some of the reservations we have had unemployment rates as high as 85 percent. I just had the opportunity a week ago to visit the Pineridge Indian reservation, the Oglala Sioux, in Pineridge, SD. The situation is one of important economic opportunity for that community. We are working closely with those communities to do something.

Just for the record, I would like to mention that we have two successful minority businesses established, the first being the development of Devil's Lake Sioux and the other Chippewa band that produced camouflage netting, helmets, and (inaudible) for the Department of Defense. They have provided 450 jobs in the economy in northern North Dakota. Of those 450 jobs, they have produced about $100 million in annual sales, so we have had a tremendous impact on those reservations—for the success of the independent reservations, trying our best to stimulate growth. The last meeting we will hold will be with Native Americans and with private sector leaders trying to get them into a joint venture with tribes so they can qualify to go after defense-oriented contracts so as to insure we have sufficient jobs in Indian country.

Last, we implemented mailing news letters from the regional areas as well as from each district to keep people aware of the activities of the Small Business Administration and the other agencies that we are working with to promote economic development in region VIII.

Chairman SKELTON. Thank you. I would like to ask what is the United States Park Service's tourism budget?

Ms. BAKER. Zero. We have no tourism budget. My salary is paid from the director's budget and I have a secretary whose salary is also paid from that budget. For other staff, I have rounded up volunteers among the park superintendents and other park service staff. It is a collateral duty for them. Their salaries are paid depending upon their job assignments from other operating accounts.

Chairman SKELTON. Do you coordinate with Dr. Seely's group?

Ms. BAKER. Yes; the National Park Service works closely with USTTA, especially in marketing.

Chairman SKELTON. Twenty-five words or less. How do you cooperate?

Ms. BAKER. We provide speakers, brochures. We are trying to develop a program that will produce brochures that neither of our agencies now can pay for. What else do we do, Dick?

Mr. SEELY. We are on the phone for the regional program I mentioned a little while ago for the parks like Yellowstone, and the Old West Trail marking program. We can work on that basis, also.

Chairman SKELTON. I think, if I understood you correctly, the park service is helping Morroco and other countries' development. What does that have to do with American tourism?

Ms. BAKER. I mentioned that effort simply to explain our various technical assistance programs. It is one thing we do have experience doing that does not relate directly to the development of domestic tourism. The government of Morocco paid all of the costs associated with that project.

Mr. SKELTON. Mr. Orban, subcommittee counsel.

Mr. ORBAN. Mr. Cisneros, you developed a good program on the regional level for your area to assist tourism. We are also interested in the national level, and providing a national plan; do you have systematic feedback to the Washington office saying we are trying these programs and this works to develop tourism and this State is doing this? Is there something you are sharing with them?

Mr. CISNEROS. Absolutely. We communicate with Washington at least once a week indicating what progress we are making on each regional issue that we have in this area. In fact, I keep track of my boss in terms of what he is saying around the country by copies of speeches, and those statistics have been included in some of his speeches. One of the things I wanted to mention to the chairman of the committee, we have had a great deal of success—the SBA—reaching out and trying to help the private sector. We have gone to the private sector—for instance—we celebrated Minority Enterprise Development last week. We were able to produce a newsletter that I would be glad to provide to the members of the committee from private sector members. In fact, we raised so much money we had to turn checks back, and there is a lot of help out there—people willing to help within the private sector. We are trying to do a really good job at reaching the private sector resources. I was meeting with a group called Colorado Concern, networking with them to get out and to really show them the job the small business community is doing. These folks are CEO's of larger corporations and trying to get them to begin to look at more subcontracting opportunities and be able to help us reach out. As you know, the Federal budget is decreasing. We have only one person for the entire region for international trade. We have six people in each one of the district offices and collateral personnel helping out the current services out there, so it doesn't take additional tax dollars to do the work we need to do.

Mr. ORBAN. One more thing. You mentioned that at the grassroots level SBDC program is being used by your region and particularly in Colorado to help get these programs across. Are you finding that works out well? Are you finding this helps you to deliver the services?

Mr. Cisneros. I think the need is so great in region VIII for small business development that any help that we can get from SBDC, from the business community, from the universities and from local government—absolutely, we think that the outreach of the SBA in our region—we have a ceiling of 190 people to service probably one of the largest geographical areas in the country. It is difficult, so the SBDC has been a real success for us.

Mr. Orban. I am glad to hear you mention SBDC's. In your feedback to Washington you can pass that on to the national level SBA, which has been really fighting our international trade bill, and the extent to which SBDC's pick up new areas. SBA questions the SBDC's ability to deliver the services to the grass-roots level. We are glad to hear they are making an impact. If you can, carry that message through.

Mr. Cisneros. Montana and the State of Colorado, this is the first year of operation for SBDC. Our hopes are that we have a good working relationship in the State of Utah and North and South Dakota, and we have had a good relationship with the small business centers. I am sure that that is the thrust around the country that we have a good working relationship.

Chairman Skelton. Mr. Smoots.

Mr. Smoots. Thank you, Mr. Chairman. Just a quick question. When I was abroad, in almost every country, no matter where I was, there was a nationally sponsored tourism office of some kind. And almost always they had someone who could speak English or they could find someone who did, except England, of course. But if I was having trouble understanding road signs, they did whatever they could. So, as a result, when I came back, I didn't say that it was hard to get around, no one understands the language, I don't recommend going there. Are we doing anything similar? Has any thought gone into having small businesses perform services like that in communities?

Mr. Seely. That comes under the area of facilitation, and there is concern of this at the State and national levels and in this case at the local level. As an example, in the gateway airports, USTTA supports a program called the Gateway Receptionist Program in which we hire students who can speak foreign languages. As to the question about small businesses participating in making the visitor feel more comfortable by speaking their language, I think there are good possibilities for them to do so. I think that would have to be handled at the local level. I don't know who could help fund this type of project.

Mr. Smoots. I was thinking in terms of perhaps having the Federal Government having facilities like that, perhaps contracting out to small business.

Mr. Seely. We don't have the facilities in the United States to do that.

Overseas we have people speaking the language, but on this side we are not involved in the facilitation except at airports.

Mr. Smoots. Say we are in San Francisco and I was Japanese, and I couldn't read the signs, and I didn't know where I was going, and I would be on my own.

Mr. Seely. As the Congressman mentioned earlier, that particular person goes in groups; he goes on escorted tours in many cases.

If the people don't speak the language you will need to have a tour guide. If you travel as an individual, we find that you are talking about people coming to this country that are well-educated; more of them speak English than the first time visitor. When they get out they manage well. However, it is a problem. You bring up an excellent point.

Chairman SKELTON. Thank you so very much for your excellent testimony, and it is good of each of you to travel here to be with us. We will now have a short break.

[Recess.]

Chairman SKELTON. Mr. Berry.

TESTIMONY OF DON BERRY, COUNTY COMMISSIONER, HINSDALE COUNTY, CO

Mr. BERRY. Mr. Chairman, my name is Don Berry. I am from Lake City, CO. I am the County Commissioner for Hinsdale County, Director of District 10.

Gentlemen, welcome to Western Colorado. Your interest and that of your fellow committee members in the unique arena of tourism promotion is appreciated.

Hinsdale County has Colorado's lowest population base of 408 permanent residents. I am involved in the management of a small facility designed for a summer camp. Outside the camp season, the success of our operation is geared to special events, small conferences, and professional retreats.

Chairman SKELTON. May I interrupt? I don't think all of the panel heard. When each of you begin your testimony, give your full name and your address and then, of course, your title that you have. We will need that for the record.

Mr. BERRY. My family operates a small seasonal retail store in the county seat of Lake City, which is Hinsdale County's only town. Hinsdale County has its history embedded in the mining industry as does much of the Colorado Rockies. Over 96 percent of the land in the county is controlled by the Federal Government. We are served by one year-round State highway. In short, we are dependent on the tourist business for our various livelihoods.

The economics of my county require a sound tourism base and a year-round season. This is easier said than done. Many factors must come together to develop and expand the tourism trade.

Traditionally, the marketing of our county has been accomplished through the efforts of the local Chamber of Commerce. Its marketing is typified by a mail inquiry or telephone referral. In return, the prospective visitor is sent a printed information packet containing a visitor's guide, events calendar, and brochures covering local accommodations and services. Traditionally, no other follow-up is made. The Lake City Chamber of Commerce is exploring other avenues of marketing, including a video presentation. Frankly, we do not want for ideas. We desperately need to develop ways to increase our cash flow for local marketing.

Our greatest summer attractions directly rely on the utilization of Federal lands. The activities our visitors most prefer are: Motorized recreation in the form of four-wheel drive jeeping; a quality fishing experience in streams and lakes; hiking; sightseeing; camping—all in the setting of a relaxing mountain town and in the grandeur of the San Juan Mountains.

Cooperation with State and Federal agencies will give us the opportunity to expand this resource. This year we experienced a new willingness in Hinsdale County on the part of one of our largest landowners, BLM, to help in the recreational promotion and development of public lands in our county, the publication of the Alpine Explorer—Recreation Guide to the San Juan Triangle, which you have a copy of this promotional publication, the first of its kind as far as we know, and we applaud the Bureau for its creativeness and foresight.

Chairman SKELTON. I would like for this San Juan—the Alpine Explorer publication to be listed as an exhibit.

Mr. BERRY. Lake City and Hinsdale County have not been aware of programs of the Federal Government, nor have we had contact with the U.S. Travel and Tourism Administration. If these programs are designed to assist, counsel, and improve our tourism market, we are most interested in learning more. If the United States Government is desirous of helping local units of government develop and promote tourism, we need to be made aware of those benefits. Perhaps this committee could make certain that the proper program administrators are notified of our concern when you return to Washington.

The Recreation Guide is actually a marketing tool that promotes the recreational opportunities on our Federal lands. The next logical step is to pool our financial and technical resources to further market our public lands for tourism and recreation. Help us to develop this concept.

The key to more involvement with recreation and tourism on Federal lands is to develop land use policies with these two resource uses in mind. The opportunities for involvement are unlimited—from marketing to signage, trail improvements, fish and wildlife management, interpretative associations, and infrastructure development, that is, sanitation facilities, roads, campgrounds. What is required is your direction and fiscal support.

In my opinion, the tourism business here in Western Colorado is only going to improve with the development of a strong public/private partnership. We, Hinsdale County, feel that some government financial help is needed. As of this fiscal year, we have budgeted monies for the Chamber of Commerce to help in the promotion of tourism in our area. We need this effort not only in areas of technical assistance and business development, but in the area of public land policy.

As I indicated earlier, over 96 percent of Hinsdale County's land base is in your hands. Yes, in the hands of the Congress of these United States. Local Federal land managers must have a clear and understandable policy to work with when making management decisions. Only the Congress can provide that direction and be sure that it contains the authority to enter into agreements with local, regional, and State agencies, and to assist in developing a public/private partnership.

If Federal budget cuts such as those proposed in the road appropriations for the U.S. Forest Service prevail, unique areas like ours in Hinsdale County will not be able to maintain a road system that is beneficial to tourism. Many miles of back country mining roads, as well as continued access to our National Forest resources, are affected by congressional decisions such as these.

What is wrong with the U.S. Forest Service accepting private dollars from the business community to publish good maps of the recreation areas of our region? Will we lose from such a partnership? I doubt it. Besides, it builds credibility on all sides.

Thank you for the opportunity to appear here today. I hope my comments will benefit you in setting a course for future tourism development. I am committed to assisting in this process as best I can.

Thank you.

Chairman SKELTON. Thank you so much, Mr. Berry. Mr. Broome.

TESTIMONY OF S.R. "STAN" BROOME, EXECUTIVE DIRECTOR, REGION X, ECONOMIC DEVELOPMENT DISTRICT, MONTROSE, CO, AND ON BEHALF OF DAVID ANDERSON, CHAIRMAN, CLUB 20 TOURISM

Mr. BROOME. My name is Standish Broome, 1103 North First Street, Montrose, CO.

I am the executive director of region 10 Economic Development District, serving the six-county area base out of Montrose, CO, and also, Mr. Chairman, appearing on behalf of David Anderson, our chairman for Club 20 Tourism for the West Slope of Colorado, so I am wearing dual hats this morning. I would like to first welcome Mr. Chairman, and you, Congressman Campbell, welcome home, and the members of the staff. I am glad we held the weather window open and you have not had to put up with our fall weather, which we all feel is our time to, if you will, selfishly enjoy Western Colorado.

Let me first speak of Club 20. Club 20 is an organization basically representing 21 counties located on or near what we call the Western Slope of Colorado or western side of the Continental Divide.

Club 20 has had many functions throughout the year. Presently, we have as president Mr. Bill Clearey which I think is a familiar name to all of you in the district, and Bill is kind of a one-man show, if you will, as president of Club 20, trying to represent several areas, and among the many areas of concern is tourism. One of the cases that Club 20 has received in its efforts in trying to promote tourism is that we do not have a uniform approach from the Federal Government on how to pass down or disseminate, if you will, information on groups and/or information on individuals, for that matter, interested in learning more about Western Colorado.

Traditionally, we are cognizant that many of our foreign visitors in the international scene tend to travel in groups and tend to have a purpose in that travel.

If we are to be successful in giving them a visit of two to three weeks in Western Colorado, it is important that we not only work together among ourselves, which we are endeavoring to do, but also getting clear direction from those folks in Washington who are involved in the agencies and bureaus dealing with international tourism.

Second, I would like to point out that one of our primary concerns, and it is one that we are focusing on in the Club 20 area, is the fact that tourists visiting our area, be they from the United States or from a foreign country, often-times are struck by first impressions. Nothing sets you off—and you all travel quite a bit—worse than an abrupt waitress serving your eggs in the morning or the bellhop who didn't have enough sleep the night before, handling your luggage.

The Friendly Native program is trying to train ourselves to be better at serving the public in the tourism area. One area that we feel that the Federal Government could be involved with is specifically developing some program that would help us train our people in better handling international visitors in not only language barriers, as was discussed in earlier testimony, but in lodging customs, food that may or may not be easy to handle, and just several different areas where we can use that direction. So that, basically, is from the Club 20 perspective.

And now let me refer to the region 10 Economic Development District. Our six-county area of which Don is a member from Hinsdale County, stretches basically from the Gunnison and to Ouray, San Miguel, Montrose, and Delta County areas, which is the basin area in Western Colorado. We are noted for our "Little Switzerland" of America in Ouray, CO, and for tremendous elk hunting in the Elk Mountain areas in Delta County as well as having the Black Canyon National Monument, hopefully soon to be a National Park. I think we have provided the committee with some propaganda to take to your offices in Washington to assist you in identifying those areas.

In addition, we have the Curecanti National Recreation Area as part of the overall Bureau of Reclamation operations associated with the Upper Colorado River Regulatory Agency of the Colorado River.

We have two major ski areas, Telluride and Mt. Crested Butte, which are approaching world-class skiing, and also incorporates public land in their permitted operation area.

As Commissioner Berry indicated to you earlier, if there is one underlying issue we would like to leave with this committee today, that is the importance of establishing a clear public policy on the use of our greatest resources here in Western Colorado, our public land. We can talk tourism, but if we are not talking about our Federal lands, which is our greatest resource, basically, we have a serious problem. So, that is one of the messages we would like to leave with you.

Another message I would like to leave with you is an indication of how tourism affects other economic development drivers in our region. We were recently designated, under Colorado legislation, a rural enterprise zone, one of six rural enterprise zones designated through the State of Colorado.

Included in that designation are incentives for new business starts as well as expanding business starts including those associated with tourism. We completed a couple of months ago in my office a census of 15 new businesses manufacturing starts in our six-county region, and we were interested to find that 100 percent of those 15 new starts were the result of principals of that firm first being introduced to our area as tourist, a recreation visitor falling in love with our lifestyle, our scenic beauty, our quality of life, and returned to explore the benefits of locating his or her business in the area.

So tourism has other ramifications which we feel are very important to our economy. Efforts of the 22 municipalities and the six counties that belong to our organization to coordinate tourism is marginal at present. The rural side is the tail behind the dog. We are learning the game; learning from neighbors such as Vail Associates, Colorado Ski Country, and of the larger and more successful organizations within the State. We have begun to structure our first regional affiliation of tourism industries and have just begun to explore the waters of regional cooperation.

We feel our first task is—and the first direction has to be—the efforts of selling ourselves to ourselves if we are to be successful in convincing the folks in Grand Junction, CO, to the north and Durango, CO, to the south that there are other places to visit between those two geographic portal destinations and that we, in Colorado, feel we can offer a better and more comprehensive tourism package.

And my last point that I would like to leave with you is that throughout this process, one must remember that the typical visitor, although swayed by the region's natural beauty, still leaves with the feeling—a gut feeling, if you will—of what type of treatment he or she in the group received from our tourism industry. That, we feel, is the underlying thing we want to stress, is our need locally, with your cooperation, to become a better host and hostess for tourism in Western Colorado.

I am encouraged by the subcommittee's interest in coming out here. As was indicated by many speakers, tourism is our lifeblood. On behalf of the folks in both the 21-county Club 20 area and region 10, I would like to thank you for the opportunity to share our thoughts this morning.

Chairman SKELTON. Thank you, so much.

[Mr. Broome's statement may be found in the appendix.]

TESTIMONY OF MICHAEL GETTO, CHAIRMAN OF GOVERNMENT AFFAIRS, COLORADO-WYOMING HOTEL AND MOTEL ASSOCIATION

Mr. GETTO. Mr. Chairman and Congressman Campbell, Michael Getto. I live at 470 Race Street in Denver, CO. I am president of the Spectrum Hotel located in Denver and a member of the board of directors of the Colorado-Wyoming Hotel and Motel Association and chairman of Governmental Affairs for that association. I am also a member and former chairman of the international travel committee of the American Hotel and Motel Association. It is as a representative of the lodging industry that I appear before you today.

Travel and tourism is the number one growth industry in Colorado, and employs 125,000 people throughout the lodging industry alone and representing a billion dollar industry. The industry generates approximately $240 million in State and local taxes that are not otherwise borne by the residents, about $80 a person.

The Colorado lodging industry represented close to $190 million in revenues in 1986 with restaurants representing $600 million. Travel and tourism, while currently enjoying only a small annual increase, is still a bright spot in our otherwise bleak economy in the State. The strength of the industry lies in its capacity to market and promote travel, both international and domestically.

The Colorado-Wyoming Hotel and Motel Association is typically a trade association, and its number one priority is representation of our members before legislative and regulatory bodies. We are a member of the Federation of State Associations that comprises the American Hotel and Motel Association. We do not directly market or promote our members' properties, however, we do act in an advisory capacity with agencies that do provide direct promotional opportunities; therefore, we actively participate with the Colorado and Wyoming Tourism Bureaus' conventions and the Visitor's Bureaus locally and lodging and resort associations on the national scale with USTTA and TIA.

In 1987 we published our first Colorado accommodations guide, which each of you have, and we followed the specifications outlined by the USTTA, which include a four-language introduction on pages 2 and 3, and Congressman Campbell, in 1988 it will also be in Japanese.

As an example, what Mr. Smoots mentioned earlier brings home a very dear point to me, which is language and how we treat foreign visitors. Our company runs the Raddison Hotel in Denver, and last Wednesday we had 50 visitors from the Soviet Union, and when they checked in their tour guide came to the front desk—and I am sure you have all stayed in hotels that have what we call Spectravision for pay movies and all the different chains have them. And they had been in New York on their first stop and no one explained Spectravision to the guests. When the group of 50 checked out they had a bill for over $700 for Spectravision because they were trying to find what channel to look at. You know, a lot of little things like that are critical when we are hosting visitors from another country. You can't just leave tourists alone in the room. You have to stick with it all the way through.

Because of that USTTA specification, 55,000 copies were sent to nine foreign offices to be given to potential visitors to the United States. In addition, recent promotion, A Day in the Life of an American, co-sponsored by USTTA and AH&MA, uses the publication as a source. Their cooperation in order to promote travel should be encouraged and continued.

Recently, the AH&MA completed a presentation to the lodging industry on opportunities for marketing to the Pacific rim nations and information and assistance was given to the AH&MA by the USTTA, which was invaluable and video footage has been produced with a vast network of contacts established by the USTTA.

We have a copy in the Vail library, and it is shown at local association meetings and to members of the lodging community.

Governor Romer participated in that with our association in the first London mission, and we felt that our individual members, who actually have a product to sell, are better served by these missions. The lodging establishment, both domestic and abroad, are the analysts.

In addition, most of us make financial judgments based on the marketing plans. The foundation of tourism promotion is dependent on a host of cooperation. On a local level, convention and visitors bureaus funded by lodging taxes or chambers of commerce provide the learning for cooperation.

On a State level, State tourism agencies are working with industry advisory councils; and nationally, USTTA working with ITIA and the industry and government affairs councils as well as private sector associations providing the necessary linkage. The adequacy of these programs is quite frankly tied to the adequacy of the funding. The funding is available, however, the funding level is generally less than adequate.

For example, the tiny country of Ireland spends three times as much as the USTTA to promote travel. The competition for the travel dollars is fierce. It is fierce among communities, States, and countries, and generally those who have the greatest war chests realize the greatest success.

It is our opinion—and that of AH&MA—where what is being called H.R. 2357 is either currently being done or currently in place. For example, there is a committee of key industry volunteers that advised and assisted USTTA in the development of a marketing plan. That plan can be implemented by USTTA with adequate funding of an international agency established under the national agency, either on a regular basis for monitoring the proposed and actual policies and programs of all Federal entities which affect travel and tourism.

Essentially, we believe what is contained in H.R. 2357 can be applied by increasing the funding level of USTTA and expanding the cooperative relationship between the USTTA and other private sector industry and the lodging industry have to evolve to a great extent to promote professionalism in order for these efforts to continue to pay dividends. It is necessary for the Federal Government to continue promoting travel to the United States on an international level, and the individual States to continue to promote their State and communities to tap into their local attractions.

Indeed, a great deal of overlapping exists with this generalized three-level approach, but it is an efficient mode for understanding how we promote tourism. The private sector is the only one involved in generating tax revenues and independently advertising its products. To establish another layer of promotion and to anticipate additional private sector funding we think is unwarranted.

Mr. Chairman and Congressman Campbell, I appreciate this opportunity to appear before you, and we are hoping that the Congressman and you will join us at the annual convention next month in Colorado Springs.

Thank you, very much.

Chairman Skelton. Thank you.

Mr. Brengle, please.

TESTIMONY OF KENNETH G. BRENGLE, JR., CHIEF EXECUTIVE OFFICER, DURANGO AREA CHAMBER RESORT ASSOCIATION, DURANGO, CO

Mr. BRENGLE. Thank you, Mr. Chairman and Congressman Campbell, who is, I can truly say, a neighbor of mine.

My name in Ken Brengle. I am with the Durango Area Chamber Resort Association. I live at 151 Pine Ridge Loop in Durango, CO.

It is a distinct privilege and honor to be able to address you today concerning the importance of tourism to Durango, CO. But first I would like to give you a brief history of Durango.

As Will Rogers once said of Durango, CO, "It's out of the way and glad of it." With your help we are trying to change that.

Mesa Verde National Park, located 37 miles southwest of Durango is known for its outstanding examples of Anasazi cliff dwellings and artifacts. The Durango-Silverton Railroad, owned by Charles Bradshaw, is one of the chief attractions in Durango with more than 160,000 passengers yearly booking passage, which takes them on the scenic route that follows the Animas River through rugged canyons and steep mountain valleys to the north. Purgatory Ski Area had 338,000 skier days in the 1986–87 season.

Durango is still an important business and political center. It is the county seat for La Plata County and home of the San Juan National Forest Administration, and the location of Fort Lewis College, one of nine 4-year liberal arts colleges in the State.

Another attraction includes the Weminuche Wilderness area and Vallecitio Lake—all to the north of Durango. I also believe that it is important for you to understand the history behind the Durango Area Chamber Resort Association. Created in early 1987 by the consolidation of the Chamber of Commerce, the Durango Tourism Board, and the Office of Business Development, City of Durango making it a true public-private partnership.

I would now like to address some of the subcommittee's areas of concern. Attached to your report are excerpts from "Business Opportunities: Durango, Colorado" booklet, produced by Bernard E. Anderson, Ph.D., executive director of the Office of Economic Development, School of Business, Fort Lewis College. It is attached and is available for your perusal. I think that it identifies some of the key points and clearly identifies tourism as a key aspect of the Durango economy.

Why is tourism so important to Durango? As stated in the "Business Opportunities" publication, it is no secret that, due to the area's stunning tourist attractions, the tourist sector prevails as the most important sector of the economy. Some 50 percent of retail sales are either made directly by the tourists or comes from the spending of those employed by the tourist industry.

As also indicated in the publication, of the $346,444,000 in economic activity in La Plata County, 50.7 percent, or $175,750,000, is from retail trade; 22.3 percent, or $77,162,000, is from the service industry; and 17.89 percent, or $61,978,000, is from wholesale trade.

Looking at it in another way, 90.9 percent of the business activity has an extremely close tie with the tourism industry. The more new dollars brought in by tourism, the stronger each of these segments of our economy becomes. Also attached is a memo developed by Mike Dexter, Marketing Director of the Durango Area Chamber Resort Association. By perusing this memo, you will see the major marketing programs. There are definitely areas in which the Federal Government could assist in Southwest Colorado's efforts. Due to the isolation of the region, one of the major areas of support that the Federal Government could assist in is transportation issues. The Durango and La Plata County area are extremely pleased with the cooperation received in the expansion of our airport terminal. Efforts to maintain funding for rural airports are a must for a tourism area such as ours.

Another area, and one that is extremely important to us, is maintaining the funding for the Federal highway system. Our major product, the visitor, is transported by that highway system. It is important that the maintaining of Federal and State highways be provided so that not only can our summer visitors get here without driving through deteriorating roads, but that the roads are clear of snow in the winter so that they can get to our ski area.

Also, for communities such as ours, the UMTA grants that are available to maintain our bus system, the Durango Lift, is extremely important.

The second general area in which the Federal Government is important to Southwest Colorado is in the support from the Federal bureaucracies that are located in our region. I believe that it is extremely important that there be improved collateral material from the National Park Service and National Forest Service that detail operating times, services available, and seasonal changes in the different areas.

These Federal agencies have a major impact upon our area such as having a ski area that operates on a permit from the Forest Service.

The allocation of backpackers into the wilderness areas, the maintenance of hiking, mountain biking, and equestrian trails are important subjects to our area. Also, in a community the size of Durango, the employees of these Federal Government agencies provide a very important resource. These employees should get involved in organizations such as DACRA. By doing so, they can help provide a volunteer base to help meet community needs. I would like to point out that the San Juan National Forest Service in cooperation with DACRA and the Office of Economic Development FLC, co-sponsored a symposium on "Business Opportunities in the San Juan National Forest" and it was an extreme success.

In as far as DACRA's response to H.R. 2357, which calls for the establishment of a non-profit federally-chartered "Tour USA Promotion Cooperation," I believe that the DACRA leadership does not have enough information on H.R. 2357 to comment. But I also believe that as an organization that has recently gone through the process to consolidate its efforts into one organization, I would just advise Congress that they should look seriously at the idea of creating a separate, or new, organization. Congress needs to make sure that any new organization does not split the leadership base, the funding base, and the volunteer base away from existing organizations that are presently performing the same function.

Because we have done it in Durango, I think we are strong believers in consolidating economic development organizations under one umbrella so as to provide the biggest "bang for the buck."

I would like to thank you for the opportunity to address this subcommittee. If I, or members of my staff of the Durango Area Chamber Resort Association, can be of assistance to you or any of your committees in the future, please do not hesitate to contact us. Thank you.

Chairman SKELTON. Thank you very much.

[Mr. Brengle's statement, with attachment, may be found in the appendix.]

Chairman SKELTON. Mr. Sowell, please.

TESTIMONY OF ERICK SOWELL, DIRECTOR, COMMUNITY DEVELOPMENT DEPARTMENT, CITY OF MONTROSE, CO

Mr. SOWELL. Thank you, Mr. Chairman. My name is Erick Sowell, 8 North Sixth Street in Montrose, CO. I am the director of Community Development, City of Montrose, and we are always happy to be invited. We like to get out and meet people. We have a local saying between Montrose and Ouray that tourists are treated the same as home folks, once you come you will always come back.

We are 10,000 people living in the Uncompahgre Valley. We work together. I am here today representing Montrose County, City of Montrose, and the Montrose Visitors and Convention Bureau. We finance our activities with a bed and board tax; that MVCB (Montrose Visitor's and Convention Bureau) tax on motels and restaurants, which raises approximately $80,000 a year.

The Montrose Visitors and Convention Bureau is operated out of City Hall by my staff, and we have hired a part-time convention coordinator to assist local people. The purpose of the Montrose Visitors and Convention Bureau is to increase visitors, tourists, and conventions to the Montrose area. Our current activities—I guess I am a little overwhelmed by the millions of dollars everybody else has to do this with—but we have a very simple idea that we would spend the money out of Montrose to attract people to Montrose. Right away we found that first we had to have an event before we could do that. We now underwrite annual local events and then advertise in the Denver metro area and other regional newspapers. As an example, the annual Fourth of July Balloon Affaire—and here is an ad we ran in the Denver paper, and they are in your packets—trying to promote people to come and see us on the Fourth of July.

Number two, as requested by other local groups, we advertise this event in the Denver-area papers, and as an example of that, this is the Lifeway Indian Cultural event, which is a cultural fair held in Montrose. 2,000 people come and take part in that. We advertised, as you can tell, and these are all grass roots activities, as they call it.

What we will do for the summer and to get that so everybody in Colorado knows what we are doing, we had a major event pulled together by one man in Montrose. He was able to get the Vietnam Memorial replica to come to Montrose and we helped him by advertising that across the State as best we could.

Currently, we are running Hunters Appreciation ads, as we call them, one which will run for the month of October, and will cost us $5,000. We have got ads in the Denver Post. This is the ad in the sports section of the Rocky Mountain News, but both are in the papers, and we have had an awful lot of calls to the chamber for us to mail out the packets.

Our best promotion and continuing one is the Black Canyon National Park I brought a photographic poster that has been well received in the past and Mr. Skelton, this one is yours if you would like to have it. We run this photograph in almost everything we do. We wanted to change Montrose from a pass-through community to a destination. One of the ways we are doing that is having folks come out to the Black Canyon. I talked with Mr. Seely when he left to do this in Germany. I mean, that really seems far-fetched to me. He said it wasn't. So, we will see what we can do with it. We do magazines. These are the only copies. I was told to bring them back.

Chairman SKELTON. Let the record reflect we have those in the record.

Mr. SOWELL. We run the same photograph as in the picture over and over and over again. So, we get the identification and they know where we are at. We run it in the Montrose Restaurant and Lodging Guide. The visitors to the park last year are down overall by 1 percent to 263,000 people. That is a lot of people to pass through our little community. We also have what we call normal advertising stuff. We have Montrose brochures. We buy 40,000 copies of the Black Canyon brochures because the Federal Government doesn't have the budget to do that. We have taken that over, so all the motels, all the restaurants have that ability to pass out that brochure.

We have an ad in "AAA" magazine that again reflects the Black Canyon photographs and costs us $9,000. That is one of the big things we do. That is kept year after year by travelling people and they use it again and again. We think that is cost effective even at that cost. We do have two kinds of posters, a Black Canyon one and recently purchased this thing, which I brought 30 copies of, by the way. But it is a comic map of Montrose and all the retailers had to be on there, there are copies for everybody.

One of the things we have done for a number of years is the Montrose belt buckle, which is passed out freely to important people and you have all received one.

As I mentioned earlier, we have a convention coordinator. One of the things we found out was the local groups were unable to put together a convention, so we hired a part-time lady who is good at it and she helps that happen.

Next year we are having the llama convention, we will advertise that in Denver and possibly other States.

Chairman SKELTON. What kind of convention?

Mr. SOWELL. Llama. People that breed llamas and pack animals for high country. It's a very good business. The proposed activities—we want to continue what is successful for us and in the winter months, January through May, our worst months, when some other people are having their best months, we're going to try different ads to capitalize on that and say, "We are the hub; come stay in Montrose." And from us you can ski in five different ski areas. We don't know if it will work or not. We would like to try regional ads.

We are a regional trade center. We have fine restaurants, things like that to advertise that. Just a regional basis. We are producing, through the chambers, some promotional videos. We also are trying to put together a trade show booth and we'll try to get at least four major conventions during the year and this booth is being cosponsored through the county and city of Montrose.

We're going to try to get out and do the things for all different small and large businesses, agriculture, tourism, and invite the entire county to come with us when we go to these shows. Again, I have got to take that back. The Colorado Division of Wildlife figures indicated that hunting is actually on the decrease and fishing on the increase. So, we may do some fishing ads to capture people who would go to the Gunnison River. We will try co-op ads with the Colorado Tourism Board trying to get people to try Montrose and use the Jeep facilities and try back-packing.

We, of course, want to have the Black Canyon to become a national park. In my own thought processes, I wondered where the statue was. I don't think that's what monument means. So, you know, we have some suggestion that was given that perhaps we could call it National Scenic Paradise or Nation's Most Beautiful Thing I've Ever Seen, instead of monument.

Chairman SKELTON. We volunteer to have one of the Congressmen put up there. That might be of help. I don't know.

Mr. SOWELL. Participation in other programs, we have trade shows, and I think Stan mentioned some efforts are going on now with the Colorado Tourism Bureau. We are members of the Four Corners tourism council around the Durango area, not that we're close enough actually, but we got on the map and it allows us—for the people who want to travel out of the area—to have a point of reference. We distribute maps locally and try to encourage people to stay in the western part of Colorado.

Regarding the adequacy of the co-op program, I had the same question Mr. Campbell had. Why didn't we hear of this before this morning? We have either not been reading the mail or don't get the mail and are not aware of these. I talked to Mr. Seely and exchanged cards and he will get with us and do the Western Slope, and see what we can do with that.

In relation to those co-op efforts, we get a lot of things if you want to pay for now we'll get the benefit later. We're looking for something that if we pay now we get the benefit now. There is a lot of that kind of stuff. It's also our belief that people come to Colorado not to see a big city, but to see what you are seeing today. So we encourage all types of efforts to get them from Denver out. We feel that as a city and a convention bureau, that's our job. If you can get them to Denver, that's OK. We advertise in Denver to get them to Montrose. Thank you.

[Mr. Sowell's statement may be found in the appendix.]

Chairman SKELTON. Thank you. I want to commend the Congressman and the people he's invited to testify, and I know we have another panel left. The testimony here is outstanding, and you who are testifying are beginning to understand the frustration that I have had on the left hand not knowing what the right hand is doing and about the lack of cooperation or coordination even if they did know what the other one is doing.

So, with your help we hope to build a record that we can make some substantial gains for our country. That's really what it is. If a foreigner steps one foot into our country and spends $1, we win. And often people—certainly locals—don't look at it that way—the long way. If we do a good job, Colorado will get your share and be far better off.

Mr. Campbell.

Mr. CAMPBELL. Thank you, Mr. Chairman. Just to direct comments to Mr. Sowell, I encourage you not to give up on your special events such as the balloon rally or llama, whatever you're going to call the llama event. If anybody would have told me a few years ago that you can get national recognition by getting two groups of people out this way, I never would have believed it, but the great Colorado-Texas tomato war has received national publicity, and it's a lot of fun.

I think that's an example that you can take something that's never been tried before and you put some emphasis behind and creative energy and stick with it a few years, then little by little it grows. I wanted to also tell you we're still working on trying to upgrade the Black Canyon National Monument Park, and we knew there are ongoing meetings and I'm sure you have been attending them.

We haven't given up on that. We prefer to get back on this with everything on the same side, particularly dealing with water and some of the other areas of discussion before we get back there, but Chairman Vento, the Chairman of the Subcommittee on Public Lands, has told me again that when it is all in order in Montrose, he will visit with everybody and we will go from there. We are still working on it.

I wanted to ask one other thing. From traveling around the West, I know that western things are what a lot of people come out to see, and I visited Fort Garland and Fort Bennett and year by year they're gaining more and more visitors, and in just a 3-month period of time, after only being opened part time at Fort Garland, over 15,000 visitors came out in a short period of time with almost no promotion. And the only old-time western fort on the west side of the Continental Divide is Fort Crawford in Montrose.

I have talked to several people down there, but haven't received much interest in trying to network some kind of community group to get some emphasis on maybe rebuilding that, because all the old plans and pictures and so on are recorded with the Colorado Historical Society, as you know. Have you heard any discussion about trying to do that, and since it was right now, the Indian museum, it is a natural kind of growth area for people to stay as tourists since it is beside the highway?

Mr. SOWELL. Other than the last time you mentioned it in Montrose, I have not heard anybody mention it.

I didn't watch as I went by where the location was. I haven't thought about it. We can take your charge and go back and see, between Stan and myself, what we can get going.

Mr. **Campbell**. That's interesting to me. I also wanted to talk to Mr. Seely and network to see where we can come out with Club 20 on the function of the USTTA and see if we can't network the ability of networking people to get better communication going with him.

Chairman **Skelton**. Thank you. Mr. Orban.

Mr. **Orban**. I guess the thing concerning me is that the Congress sets up programs and spends money on programs and that people who are actively involved every day in tourism do not hear about the programs. That concerns us a little bit. I don't know whether it is because the programs are geared for people who have just walked in the door and ask the right questions first, but it seems as if some kind of outreach should be made.

Mr. Berry, my question would be: In your search to improve your use of the Federal lands surrounding you and make perhaps more tourism attractions, did you make an effort to contact the State of Colorado and ask "What have you got available?" or contact the Federal Government or was it just that it never came up?

Mr. **Berry**. We have been made aware of some of the things that are available through the Colorado Tourism Board; through this tour that we had on the American-Flats Tour with the BLM. Dan Love was there from the Colorado Tourism Board, and gave us some suggestions as to ways that he could help us market our areas. I think the biggest thing we have seen is what you might call a total reversal in the management people who run the BLM and the Forest Service as far as how they feel they can help us market the area, and I just think it is really great; that I think their biggest problem is they're like everybody else. They lack funding, but I think it is a great step forward, and we are building from this. I met with the BLM people last week and the committee. We have set up a task force to see how we, as local governments, can work with the BLM in seeing if we can solve some of the problems. That is going to help.

Mr. **Orban**. I don't mean to take more time. A number of you mentioned that the primary problem was the getting down in black and white any concrete manner for everyone to understand the use of Federal lands. That's beyond the scope of this subcommittee, but I presume that's a problem that you are working on every day.

Mr. **Berry**. Yes; we try to.

Mr. **Orban**. In addition to what is being done with the local BLM, is there something legislatively that you feel could be done to set up an organization that would listen to those people who depend on tourism—depend on the land but don't have the input they should?

Mr. **Berry**. It is very important. It is something that is really a problem for a lot of us. There is so much policy that is made on the BLM and the Forest Service in dealing with public lands, we don't get any input into it. They're decisions that are made in Washington, and how in the heck do they know what we need as local governments or county governments. That's a big problem.

Mr. **Campbell**. That's why we're here—our theory of going out to the people because they can't go back and talk to the committees; and these kinds of hearings are the way we gain that information.

Mr. **Berry**. I really commend you on that.

Mr. **Campbell**. May I interject something? You mentioned something about the funding and there's not adequate funding. I don't have to tell you the pressures we are under in Congress as elected officials which is now to lower the tax rate rather than raising it, and to balance the budget and on and on. You read every day we still have—some of us believe there are certain kinds of tax monies that ought to be acknowledged as an investment rather than a tax and others are a tax.

When you talk about grants such as the grant available for the buses here in Vail or the highway money, we voted to improve the highways. A lot of us think those are important as was mentioned by the panel on tourism in this area, but I know when I voted for the highway bill and voted to override the bill, I got letters from people accusing me of being a budget-buster and doing all these terrible things to the country because I wanted to keep a good network of highways in this district. That's part of the legislative process—that everybody doesn't believe in those things or doesn't——

Mr. **Berry**. One of the major things that affect us, like I mentioned before, is that we are 96 percent public land, so what really hurts us, we have very little to build from as far as money is concerned. We take in the neighborhood of $300,000 a year off property taxes. You know, that's not really a lot of money to build from, so that is why we really need assistance from something else, and it really hurts when we see the Federal Government and even people from our own State who try to cut appropriations from the Forest Service.

Mr. **Campbell**. I might add, Mr. Chairman, that counties such as this gentleman's are dependent on Federal monies to a much greater percentage than other counties, and there is a movement in the forest industry to eliminate the 25 percent of timber cutting money that goes to the counties in their area and have it go directly to the Treasury. That may not affect other counties, but in a county like Mr. Berry comes from, that's a major cut—that 25 percent.

Chairman **Skelton**. I am familiar with that. Mr. Smoots.

Mr. **Smoots**. Very briefly, how do you feel about user fees? Do you like them? Would that be one way that you could pay for some of the programs or do you think that would take away some of the tourists willing to use some of the facilities or brochures—whatever their user fees are for?

Mr. **Getto**. Just what type of user fees?

Mr. **Smoots**. For example, paying for RV access; Federal user fees for park services. Do you have any problem with that?

Mr. **Getto**. No; we don't.

Mr. **Smoots**. If there were an increase, do you think tourists would stay there or not?

Mr. **Getto**. That's a tough question to answer because I think the tourists are guests and are looking for value received from what they are paying for. That's what we have to give them is a value experience and then I think then the fee is dependent upon the value that they received for that, but I think we want to be careful that we don't feel that simply with the lodging tax and others we don't go to too high an extent on those that we start carrying off the business.

The use of user fees is relatively supported in the West, and I think it is for the fact that it goes back to the government or to the entities that are going to get that; going to the Park Service. If it went back to running other types of programs, you would see less support for that type of thing. So long as it goes back to us and in increased value of the visitors' experience here in Western Colorado or wherever, then I think we are more in favor of it along those lines.

Chairman SKELTON. Mr. Lane.

Mr. LANE. This is for Mr. Brengle. A lot of people in the country aren't too familiar with the narrow-gauge railroads we have in the West, and you referred to one of the railroads in the Durango area. How important is that narrow-gauge railroad to the Durango economy or to the La Plata County economy?

Mr. BRENGLE. It is hard to put a figure on it. I would say it is extremely significant.

Mr. LANE. If it stops, Durango stops?

Mr. BRENGLE. It is a major attraction. The total number of people coming through, the number of riders on the train. You take 160,000 people and the experience they have received from that, again talking about the quality of the experience, their word of mouth going back and talking to their neighbors and other people through the country and so forth, it is immeasurable the amount of benefit we receive from the trains because people are telling others about that experience.

You say, "Man, you have to take that Durango train. It is unbelievable," is the word of mouth. There isn't any type of figure you can put on it. It is probably the most photographed train in the country, and in fact it has probably been used in movies more than any other train. You can't put a figure on it. It is extremely important to us.

Mr. LANE. Do you have a type of program—I know there are organizations in the country of railroad enthusiasts who are dedicated to preserving old railroads. Has there been a program in the past where you network with those groups to bring them into the Durango area?

Mr. BRENGLE. I really can't say for sure. I would have to talk to Mr. Bradshaw. I think one of the reasons we have such a great experience there is because Mr. Bradshaw is one of the enthusiasts. He owns it. So he has done a tremendous job of upgrading that organization, and so forth. I think the important part of that is that one of the reasons that DACRA was created this year, the leveraging dollars with the private sector so that we can work with the trains and the Purgatories to leverage our dollars that we receive from the lodging tax with their dollars to get more bang for the buck. That's something we need to work at.

Mr. LANE. It might be worth looking at and a lot of those groups out there that will pay just about anything to ride those old trains.

Mr. BRENGLE. If you have any names, we would be happy to take them.

Chairman SKELTON. Let me ask each one of you one question. We have heard testimony, I think Mr. Berry you mentioned Forest Service and its connection with tourism. We have three governmental agencies, USTTA; we have the young lady, Priscilla Baker, who is here from Washington, the Tourism Director of the Park Service and we also have a tourism department or at least some folks from the Department of Agriculture, Forest Service doing some work in tourism. I will ask each one of you if you have had any contact with any of these three Federal agencies. I will start with Mr. Getto.

Mr. GETTO. Through our association?

Chairman SKELTON. Through the work that you presently do.

Mr. GETTO. Yes; we work closely with USTTA.

Chairman SKELTON. How about the other two?

Mr. GETTO. I haven't with the National Park Service.

Chairman SKELTON. Mr. Broome?

Mr. BROOME. No direct contact or indirect for that matter on the regional basis with USTTA. I have daily contact with the Forest Service, Bureau of Land Management, and Park Service folks in our particular area.

Chairman SKELTON. But how about the Forest Service?

Mr. BROOME. Including the Forest Service. The Forest Service is the weaker sisters of the three agencies. You indicated Park Service, Bureau of Land Management. The Forest Service is the weakling in tourism so far.

Mr. GETTO. I know I never heard of them at all.

Chairman SKELTON. You have never heard of any of those?

Mr. GETTO. The National Park Service.

Chairman SKELTON. You haven't heard of that?

Mr. GETTO. No. One thing, just at the meeting we had with the BLM and the Forest Service has been involved with it when we printed this brochure is that the representative from the Forest Service said as of this date that monies were becoming available to be used directly for tourism, and he was telling us that the Gunnison National Forest and Uncompahgre National Forest at this particular time had $400,000 available—had just been made available to be used with matching funds for tourism, which was something that was definitely due to us.

Chairman SKELTON. Mr. Brengle.

Mr. BRENGLE. Well, on the Forest Service, of course, we deal closely. We had a very successful program with them. We deal with them on a one-to-one basis whenever we can. We deal mostly with ARA Mesa Verde, which is the contractor for the service over there. We have not dealt that much directly with the National Park Service. USTTA basically was dealt with through the Marketing Director. We know a little about it, and their Tourism USA book. Other than that, I have had no contact.

Chairman SKELTON. Mr. Sowell.

Mr. SOWELL. In relation to tourism, the answer is no. We work with the local union. But the answer is no.

Chairman SKELTON. Gentlemen, thank you. It is excellent. The last delegation we have is from the famous community of Steamboat Springs. Would you please step forward.

[Recess.]

Chairman SKELTON. We are ready. Welcome to our hearing, and you are the last panel. We do look forward to your testimony. We will start on our far left. Mr. Rose.

TESTIMONY OF HARVEY M. ROSE, CITY MANAGER, CITY OF STEAMBOAT SPRINGS, CO

Mr. Rose. Thank you, Mr. Chairman, Congressman Campbell. Good afternoon. My name is Harvey Rose. I am the City Manager of the City of Steamboat Springs, CO. I reside at 815 Conifer in Steamboat Springs. Thank you for inviting us to testify today. We are pleased that Steamboat Springs is considered a good example of the public and private cooperation for the development of tourism, which is not so much the result of deliberate action. However, we believe that such cooperation is among the natural order of things and is necessary for our survival.

We are a community of 6,300 year-round residents with a peak seasonal population of 20,000 to 25,000 people. As agriculture and mining industries of our heritage declined, we turned increasingly to tourism as the focus of our economy. That we have enjoyed some measure of success is due to the willingness of the people of Steamboat Springs to experiment and invest and to work long hours at low pay and in sometimes harsh climate in order to enjoy the benefits of life and in one of the most beautiful spots on earth.

We have done many things. I think this is the last year we have been the recipient of the Colorado Initiative Grant, a grant funded jointly by the State of Colorado and the Mountain Bell Foundation.

Our program is fairly unique in the Colorado Initiatives Program. It is training the people of Steamboat Springs in how to receive and service international tourists. Our city council has funded purse money for what is already one of the most successful weekly pro-am rodeos in the West, and with their funding hopefully it will expand. We have sent an economic development director to Japan to be the keynote American speaker at the Fukishima International Seminary and he spoke on international tourism.

We have recently sent the products of five of our manufacturers to trade shows in the Yamagata prefecture. We will be looking into some of the other experiments of the other programs that are run everywhere from sending the Steamboat Springs Ski Mountain to London to developing our many hot springs and mineral springs. We have prepared a 5-minute video that is designed to give you a taste of our community.

It is prepared by the staff of Ski TV Productions, Channel 24, which is one of a number of new businesses in Steamboat Springs and only the third TV station in Western Colorado. So, if we can for a minute, let's take a look at the video. You have a copy of the text in your packet, and you will also be given a copy of the video tape to take back with you.

Chairman Skelton. The record need not reflect the video tape.

[The videotape was played at this time.]

Chairman Skelton. Thank you very much. I have to mention I saw the photos in the Forest Service travel brochures when I was a witness before this subcommittee last year. Thought you might be interested in knowing that.

Mr. Rose. Mr. Chairman, 20 percent of the city operating budget is spent for marketing. Another 10 percent subsidizes the transit system that is used primarily by tourism and workers in the tourism industry. The balance of the budget is spent for the development, maintenance, and operation of an infrastructure for a peak population.

Last November the Steamboat Springs legislature voted for a 10.6 million dollar tax dedicated to tourism-oriented amenities. Because we are a small community, we try to obtain the best benefit for the dollar, but largely it is dependent on the cooperation and efforts of the State and Federal governments, the U.S. Forest Service, Urban Mass Transportation Administration, and USTTA, to mention a few.

Chairman **Skelton**. Thank you.

TESTIMONY OF PETER D. WITHER, CITY COUNCILPERSON, CITY OF STEAMBOAT SPRINGS, CO

Mr. **Wither**. Mr. Chairman, Congressman Campbell. My name is Pete Wither. I am a City Councilman for Steamboat Springs. I reside at 205 Court in Steamboat Springs. As you saw from the movie, Steamboat Springs is a historical town and has been actually involved in recreation since the early 1900's when they held the very first winter ski carnival west of the Mississippi. I believe that was in 1915. The skiing has been going on since then. At that time, however, the main thrust of the town was mining and agriculture and that continued to be that way until the late 1970's when those two, the mining and agriculture, started having problems and the skiing industry at that time was coming in strongly.

We would like to say thanks to the Steamboat Ski Corps for their aggressive and innovative marketing efforts and the fact that Steamboat ranks in the top four areas of the State in spite of the geographical location, which is 90 miles north of here and 160 miles west of Denver, and we continue to record annual increases in tourism and sales tax revenue, but we recognize the reliance on a single-season industry.

In response to this recognition, the public and private sectors of the community are resolved to mutually beneficial and effective strategies which recognize the best initial use of this area's resources to strive toward a year-round use of the multi-million dollar tourism infrastructure and service industries which are already in place as a result of both public and private investment.

This strategy is considered particularly timely with the completion of the Yampa Valley Regional Airport, which you saw on the video, and we have developed mechanisms to enhance our tourism market into three arenas. That would be winter, summer, and international. Each strategy will be presented later in the testimony today.

Chairman **Skelton**. Miss Tolson.

TESTIMONY OF RITA F. TOLSON, COUNCILPERSON, CITY OF STEAMBOAT SPRINGS, CO

Ms. **Tolson**. Thank you, Mr. Chairman. My name is Rita Tolson, 880 Springhill Road in Steamboat Springs.

Mr. Chairman, as a former resident of Illinois, it is gratifying to meet a resident of Missouri.

Chairman **Skelton**. I am glad to hear you pronounce it correctly.

Ms. TOLSON. Sir, I also know that folks from Missouri don't call it Illinois.

Congressman Campbell, I appreciated your opening remarks this morning which dealt with what can be done for economic development. It makes sense to expand on what we already know is successful and what is there in Steamboat Springs. I hope you will visit some day soon. We have a great deal of infrastructure going to waste except in the winter months.

In the interests of expanding our already successful industry, which is tourism and recreation, there have been a number of cooperatives and creative ventures involving the public and private sectors in Steamboat Springs. The emphasis has been on the expanding of the winter and summer seasons. Three groups work toward this end. The Ski Corporation, whose major thrust is promoting winter tourism, although they also work hand in hand with a number of summer ventures as well as the City of Steamboat Springs, and the Steamboat Springs Resort Association, which primarily focuses on increasing the tourist activities in the summer. All three of us, these entities, recognize the importance of expanding our international markets as well as representatives of the three groups will give you more details on these strategies. Thank you very much.

Chairman SKELTON. Thank you.

Please pronounce your last name. I'm sorry, I can't read the plate there.

TESTIMONY OF HANS GEIER, PRESIDENT, STEAMBOAT SKI CORP., AND CHAIRMAN, COLORADO SKI COUNTRY USA

Mr. GEIER. Mr. Chairman, Mr. Campbell, and members of the staff, my name is Hans Geier. I reside at 305 Mt. Vernon Circle in Steamboat Springs. I am president of the Steamboat Ski Corporation, and I am also the chairman of Colorado Ski Country USA. If I speak to you of items which you have already heard before, please forgive me. We think it is important to reiterate on what you can do for us for creation of this legislation.

Before I begin, I would like to thank our Congressman Campbell for his excellent efforts since he has been elected to Congress last year. All of us in the ski business and tourist business appreciate him and what he has accomplished in such a time. But particularly the Stagecoach Reservoir funding near Steamboat and the Animas LaPlata water project passed Congress, and also his introduction of legislation which creates a National Ski Day.

As you heard, the decline of our industries, mining and agriculture, has been very great and tourism may become more and more important to the State of Colorado, and particularly to Routt County where I live and work. In Routt County alone, tourism now accounts for 65 percent of the total economic activity, and this is primarily in skiing.

Over 4,000 jobs are created in winter by the operation of the ski resort and the Steamboat Ski Corporation has provided about 1,000 seasonal jobs primarily, and it comes down to about 125 year-round jobs for the rest of the year. We had, as you heard, 900,000 skier days last year, and our payroll is over $6.5 million for our employees. We generally buy U.S. products. Eighteen of our 20 lifts have been completely designed and manufactured in the United States, and only sometimes when we need a special piece of equipment we must go outside where the knowledge is a little bit more advanced than in this country.

Winter tourism contributed 65 percent or about $110 million to the local economy. The ski industry in ski towns have consistently supported international marketing programs of the United States Travel and Tourism Administration. We are also members of Ski USA, which is a group of 14 ski areas trying to promote skiing overseas, primarily in Australia, Japan, France, England, and in Mexico in the past. Because Steamboat realized this great potential in overseas markets, we have done a significant amount for the Ski Corporation in conjunction with other people in international promotion.

We have spent $2.3 million in marketing in Steamboat, 5 percent of the allocated amount for international marketing, and that 5 percent brings us only about 3,000 skier days. We realize it isn't a quick fix. It takes a number of years and a need for consistency in the program, and hopefully we will help to provide that. These 3,000 skiers do not just ski in one place. They travel to other resorts in California and Miami, Walt Disneyland and Disney World, and when they come and hear the skiers spent much more money than they did just in the ski towns, it is apparent that great opportunity to break into the tourist market in Australia, Japan, England, and any unified cooperative efforts that government can help us with in the private sector will be a step in the right direction. And I know it will, in my view, guarantee a significant return on the investments. And in August, the Town of Steamboat arranged to have our ski mountain, which is in Washington, moved to London.

The governor was there and we got a lot of international press, local press, U.S. press, and also it was covered on the international news of CNN News in Europe. And public and private cooperative efforts can work, and we, at Steamboat, have been very fortunate it works well. Much of our ski terrain is located on Federal lands.

Our user fee for lease of the land exceeded $500,000 last year, not much help in reducing the budget, but it may help a little bit. Our cooperative efforts with the Forest Service over the years has made Steamboat the world-class resort it is. Last year the County of Routt, Steamboat Ski Corporation, the city and State of Colorado teamed up to build the jet airport.

As you saw, it cost in the neighborhood of $2.6 million and was paid for by 40 percent by the county, 40 percent by the ski corporation, and 20 percent by State funds, and we were able to accomplish that in a 14-month period, and it was an incredible thing.

As a little story, I have to tell you how cooperation between the government and the private sector has worked. It can work. We went to the FAA in San Medina. They said, "Well, it will take four to five years. We will have to put you on the list." I said, "You don't understand. We need it in 14 months—operating. We aren't asking for money. All we ask for is the approval of the design and the installation of the certification in 14 months." So, after a couple of hours of talking, "Well, maybe we can do it," and they got it down here, and this is a prime example where the private enterprise is cooperating with local government and the Federal Government helping to move on it and getting the project done.

It worked very well in our case. The airport created 78 jobs and employment will rise to over 100 this year, and created 12 new businesses last year and expects to land 450 jets this winter. Last year, three international flights landed from Canada and we can improve on that even more.

As I have said, joint partnerships can and will work when there is a way to make it work. This is only a really brief overview of my presentation. If you have any questions, I would be happy to answer them later.

Chairman SKELTON. Thank you, Mr. Geier.

TESTIMONY OF JUDY WALDEN, VICE PRESIDENT, ESCALANTE INTERNATIONAL, INC.

Ms. WALDEN. Thank you, Mr. Chairman, Representative Campbell. My name is Judy Walden, 801 Humboldt in Denver. I am the vice president of Escalante International, a corporation devoted to inbound international travel. My involvement with Steamboat is our corporation has contracted with them for service in four areas, packaging of their products to be taken to the Asian-Pacific area specifically Japan, Hong Kong, and Taiwan to specific market segments, the delivery of language services, both written and escort guide services, that kind of thing. And in the case of Steamboat Springs, also some areas of cultural training, working with the community and the lodging industry; the food industry, retail area and activities; to prepare people in those service industries before their guests arrive so that the quality of the experience is what Steamboat Springs wants it to be.

My other involvement with Steamboat Springs—I was, in the last month, a member of a panel of four, and this project was funded through the Colorado Initiatives project jointly through the State of Colorado, the Mountain Bell Foundation, and because of Steamboat's action orientation, their interest in the international market, we took a look at Steamboat Springs as a microcosm or prototype of what other communities in Colorado and, indeed, the American West are facing in terms of entering into the international market.

We spent three days in the community talking about community leaders, community people, to ask questions: "Do you think Steamboat is ready to be in the international marketplace? What do you think it will take?" We found no major barriers in the community, and many people looked at it in terms of not only economic concerns, but an opportunity to enrich the cultural life of Steamboat Springs, which you have heard is some distance from the major population area in Colorado.

The interesting thing about Steamboat is that it is a community that understands there is a long-range commitment if they are going to enter the market. They need to decide which one they are, and as Mr. Geier pointed out, you have to get in and stay in, and the payoff is probably a sprinkle for the first few years, and we hope significant within three to five years. The major barrier within Steamboat Springs was fear, both in the private and public sector—more in the private sector than the public sector—of the cost that it takes to enter the international marketplace.

As everyone understands very clearly, after the missions to Japan and London, we are unknown in the international marketplace, and I think the real challenge before us, all of us, is to say how can we take these destinations that have contributed millions and have built themselves to a position in the domestic marketplace and make ourselves known in the international marketplace, what kind of cooperation does that take for communities like this that have made significant investment—for a community like that to have a very fine public/private partnership and begin an action orientation as opposed to a wait-and-see orientation.

Thank you.

Chairman **Skelton**. Thank you so much.

Mr. Hammons.

TESTIMONY OF BOB HAMMONS, EXECUTIVE VICE PRESIDENT, STEAMBOAT SPRINGS CHAMBER RESORT ASSOCIATION

Mr. **Hammons**. Good afternoon, gentlemen. My name is Bob Hammons. I reside at 906 Boulevard in Steamboat Springs. I am the executive vice president of the Steamboat Springs Chamber Resort Association.

I genuinely appreciate the opportunity to offer our comments concerning the importance and value of tourism, locally, nationally and internationally. The Steamboat Chamber Resort Association represents an active community. There is a very active membership of over 650 businesses in our town of only 6,300 population. Our annual budget is $1.1 million.

We are the Chamber of Commerce for our city, and Central Reservations for the entire community. Accordingly, the Chamber Resort Association offers all the programs and traditional programs such as government affairs, economic education, emergency councils, economic development, and so on. And we also organize major events like the Fourth of July celebration, the rodeo, which you saw on the video, and you also saw the three-day vintage auto race over the weekend.

Because we are a community where half of the employment and income and nearly two-thirds of the total retail sales are derived from tourism, our chamber now devotes its energies to attracting tourism. My world today is to relate our activities and marketing summer tourism and to discuss our success in dealing with city governments.

Years ago, some residents of this valley created winter recreational opportunities because of the harsh winters. But their seasonality switched when world-class skiing was introduced into the area in the 1960's.

A significant infrastructure supporting skiing was developed which then became underutilization of some of them and represented a super development opportunity to bolster our economy. The amenities are in place—all we needed were the funds to implement the tourism marketing efforts.

At the outset, an aggressive marketing plan was developed. The chamber requested financial support in the amount of $100,000 from our city council. That was just a plain grant that we asked for. They liked the idea but they wanted cooperative funding efforts and mechanisms which were long term and represented the entire business community. After months of investigation with the volunteer concurrence of the business community, the city council passed an ordinance eliminating the vendors' collection fee of 3.3 percent of the city's sales tax, which this was a fee that businesses were permitted to keep for administrative costs associated with collecting city sales taxes. The city then matched the funds generated from these funds. This therefore established significant support for a summer marketing program. That was three years ago.

The first budget was $175,000. This year's budget has grown to $325,000. The planning includes development and distribution of 180,000 brochures, copies of which are in the packet; operation of two information centers doing the summer advertising and in seven regional magazines; advertising on seven radio stations in the Colorado Front Range, participation in national travel and vacation shows, billboard advertising on Interstate 70 in Denver, a direct mail campaign, extensive TV advertising on the Colorado Front Range, a full-time program coordinator, a conference and convention program and special promotions of special events during the course of the summer.

The program has been rewarded. Visitors at the information centers have increased 36 percent in three years, and summer sales tax revenues increased by over 10 percent over the same period, in spite of significant loss of jobs in the mining industry.

During some special summer events weekends, lodging properties now experience 100 percent occupancy and retail businesses have had their best single days in history. We support the concept of "Buy USA" course because, in essence, we have practiced this on a local level. Our Nation and our community must keep tourism dollars within the country and attract new internationalism.

Certainly, anyone involved in tourism will support increased activity but we request that be directed to those areas that can produce a quality product and must also be willing to invest in their own destiny.

We genuinely appreciate this opportunity and especially your coming to this area for these hearings. This concludes our formal presentation. If you have any questions of any one of our group, we would be happy to respond.

Chairman SKELTON. I appreciate your kind comments about the bill I introduced. We have hearings coming up in the near future on it. It might be helpful to put a short statement into the record before that particular subcommittee. That would be helpful to us.

Mr. CAMPBELL. One question to Mr. Hammons or anyone else on the committee. I know some of the towns in Colorado have had a little stormy relationship with the airlines. I wanted to know what kind of guarantees—you mentioned a number of 33 for American. What kind of guarantees could you give them to come in?

Mr. HAMMONS. We guarantee the plane operating cost.

Mr. CAMPBELL. Operating costs?

Mr. HAMMONS. If they don't have enough seats sold, we have to make up the difference.

Mr. CAMPBELL. Is that a fly-by-night thing?

Mr. HAMMONS. No; it is on a total program. Basically, we are guaranteeing over $7.5 million dollars worth of airline costs this year. Last year was about $4.67 million, and we had a shortfall of about $200,000 last year, but we think a year from now we should be able to break even. It is not that we are just doing it for us. I think we are doing it for the whole community and the tourists or skiers, the visitors. They want convenience. They want to get there easy. It is sometimes crowded in Stapleton and chaotic.

Mr. CAMPBELL. Sometimes? Every Monday and Friday for me.

Mr. HAMMONS. I am not down there much in the wintertime, mostly in the summertime. Summertime it is pretty good, I think, and so that is what we impart on. Airlines are big companies and very expensive.

Mr. CAMPBELL. The reason I ask, I know there are a lot of people upset about travel delays and confusion, and Stapleton, to me, is like most airports, and it is a pity not to go directly to the ski towns if they can. It seems to me nobody is doing that.

Mr. HAMMONS. American Airlines is bypassing Stapleton, and Delta is going to Crested Butte and American Airlines is going into Steamboat.

Mr. CAMPBELL. Thank you, Mr. Chairman.

Chairman SKELTON. Mr. Orban.

Mr. ORBAN. I appreciate the testimony. I have no questions.

Chairman SKELTON. Mr. Smoots.

Mr. SMOOTS. No questions, thank you.

Chairman SKELTON. Mr. Lane.

Mr. LANE. No questions.

Chairman SKELTON. Ladies and gentlemen, thank you so much for your excellent testimony, and you have once again put Steamboat Springs on the map. It is very helpful to us. We see today—and, of course, you haven't had the advantage of the background of the series of hearings that we have had—the complaints and problems—but we see you all putting together something, and we also see the potential, not just for Steamboat Springs, but for the State of Colorado and Missouri and for our entire country, and with your attitude, and, you know, underlying all of this is the right attitude that you have here in Vail; that you have in Steamboat Springs, obviously, and I think when you have the right will to do something, things can happen positively.

I commend you for what you have done and what you are doing.

Ladies and gentlemen, this has been very, very informative for us. We are building an excellent record. We have proposed legislation in this area which may take a great deal of additional effort, time, and testimony. Nothing in the legislative process works quickly. That's the way our government functions. But when we have something, hopefully what we submit will benefit all of us here in this country. A special thanks to my friend Congressman Campbell who has done yeoman work in this area—not just in this area—although I give him an A-plus for his efforts here and the witnesses he's invited, but for the other work that he's done for our subcommittee. Without further adieu——

Mr. CAMPBELL. I have a final comment, maybe one. I want to thank all of the people who have come such a great distance to come and testify. It is not all that bad on such a beautiful day like this, but I want to thank you for coming out, Mr. Chairman. I want to introduce my staff, who did a good portion of this in our district. This is the one that you often talk to directly.

First of all, Ken Lane is here as our staff person for Small Business for the Tourism Subcommittee. He works in the Washington office, but he is a native of Pueblo and back in the District a great deal of time. And then way back at the back is Trudy Kareus. She is on the road constantly and runs the Grand Junction Office and does go up to Routt County quite often, so you may have already worked with her. You can call her direct at our Grand Junction office if you need something dealt with.

Sherrie is at the back of the room and is the administrative aid and runs the whole outfit for us in the three district offices. I wanted you to know those three people that are here because they are the ones that work awfully hard to help set up this hearing and I appreciate the staff of the subcommittee and also the chairman. And thank you for coming.

Chairman SKELTON. Thank you. I appreciate your introducing your staff, Ben.

On the far end is the minority staff member who is representing the minority. None of the members could be with us today, but Ted Smoots is representing them.

On my left is the young lady who probably has three ulcers as a result of many months of working on this to make it a success, a very quiet and attractive young lady over here in the corner, but who has literally put this together from the ground up with the assistance of Congressman Campbell, Brenda Pulley, who has been roaming around all morning.

Ladies and gentlemen, thank you. We appreciate it. Have a good day.

[Whereupon, at 1 p.m., the subcommittee was adjourned, subject to the call of the Chair.]

APPENDIX

A REPORT ON VAIL, COLORADO
prepared for
The United States House of Representatives
Committee on Small Business
Subcommittee on Exports, Tourism and Special Problems
by
David A. Kanally
President, Vail Resort Association
October 10, 1987

Introduction

Vail, Colorado, established in 1962, is celebrating its 25th Anniversary this year. Vail is the country's most popular ski destination resort. Together with its sister resort, Beaver Creek, Vail hosted 1.6 million skiers in the 1886-87 season, a record year in both resorts.

With a permanent population of 5,000, the Town of Vail is a home rule community with an elected council. The Town provides traditional municipal services as well as community transportation systems and recreational amenities unique to its resort setting.

Vail Associates, Inc. (VA) owns and operates Vail's lifts, snow-making and trail maintenance systems, ski patrol, on-mountain restaurants and merchandise facilities, ski school, two base facilities and real estate sales. VA also owns and operates Beaver Creek Resort.

The Vail community encompasses 56 lodges and hotels with a total nightly room inventory of 3,300 rooms. The "pillow count" for the greater Vail/Beaver Creek resort area is in excess of 20,000. Lodges range in size from less than 20 rooms to more than 300 rooms. With 72 restaurants and over 100 shops, Vail is a complete resort community.

The Vail Resort Association (VRA), incorporated in 1964, serves as the community's Chamber of Commerce, also offering central reservations, convention sales, marketing and special event services for Vail. The VRA has more than 300 members and an annual operating budget of $1.5 million.

Vail is wholly dependent on tourism. The non touristic businesses that exist in Vail are support services for touristic businesses or for employees of touristic businesses.

Revenue Summary

Total annual sales in Vail are approximately $200 million. A full 50% of the municipal budget is supported by a local 4% sales tax. The remaining 50% is spread among property tax, parking fees, and a variety of other taxes and fees.

Marketing Highlights

Marketing for Vail is handled by four general entities:

a) Vail Associates: Vail Associates spends about $3 million each year in marketing Vail and Beaver Creek primarily in winter. Vail Associates is owned by the Gillett Group, the fourth largest television network in the country. The Gillett group is supporting Vail's marketing with an additional $3-5 million in TV advertising, for a 1987-88 total of $6-8 million. In addition VA has 9 field sales representatives in major cities across the country, selling Vail to ski groups. Vail Associates retains an advertising agency in Seattle and a public relations firm in New York City.

b) The Vail Resort Association: coordinates group sales, cooperative advertising, promotions and media relations activities for the Vail business community. The VRA's annual investment in these activities, including administrative support is in excess of $1 million. About 2/3 of this effort is dedicated to the non-ski months, balancing the seasonal nature of Vail Associates' advertising.

In addition to direct advertising expenditures, the VRA has executed cooperative promotions in its top 8 market cities which resulted in $6 million in exposure over the past 12 months. The VRA's group sales department is responsible for about 25,000 unit nights each year. Total gross lodging sales through VRA is $37 million.

c) The Town of Vail: funds many activities and organizations that enhance the marketing value of Vail:

TOWN OF VAIL MARKETING EXPENSES

Vail Resort Association Contract	124,800
Vail Institute	53,000
Flowers and Landscaping	229,000
Coors Classic	11,000
Symposium	15,000
Christmas Decorations	10,000
Cloud Seeding	16,000
1989 Alpine Championships	70,000
World Cup	20,000
25th Anniversary Committee	5,000
Vail Arts Festival Banners	1,200
4th of July Youth Events	11,000
TOTAL	566,000

OTHER AMENITIES FOR GUESTS

Recreation Department Subsidy	318,000
Dobson Arena Subsidy	220,000
Open Space Purchases	724,000
Free Bus Service	1,234,000
4-Way Stop Improvements	54,000
TOTAL	2,550,000

d) The Lodging, restaurant and retail community supplement cooperative marketing efforts with their individual marketing. It is difficult to quantify this expenditure. Vail hotels employ a total of 25 full-time convention sales people. A conservative estimate of this collective effort would be $2-3 million annually, including staff and advertising.

If Vail were a state, it would rank in the top 10 for marketing expenditures.

International Marketing with U.S.T.T.A.

Vail has participated with Ski U.S.A., an association representing 15 U.S. ski areas, in cooperation with U.S.T.T.A. in cooperative marketing in Austria, Canada, England, France, Germany, Japan and Mexico. Ski U.S.A. was the primary funder with U.S.T.T.A. providing 20% matching funds and use of U.S.T.T.A. offices and contacts in each country. Vail Associates spent about $150,000 in this program.

Of special note was the hosting in Vail of the 1986 Challenge of the French Ski Instructors organizations, involving 1400 instructors.

Most recently, Vail has been selected as the site of the 1988 Trophee Revillon, a major international dog sled race, slated for mid-January. A transatlantic satellite press conference in preparation for this event will be broadcast from Washington D.C. later this month. Representatives of VRA and Vail Associates will participate in the conference.

Product Enhancements

To improve its competitive stance, and further distance Vail from its nearest competitors, Vail is increasing its snowmaking capacity by 50% this year, with the eventual goal of allowing for an earlier opening of the season. Perhaps as early as mid-october in future years. Also under development is a greatly improved children's mountain, with the goal of bringing more children into the sport.

1989 World Alpine Ski Championships

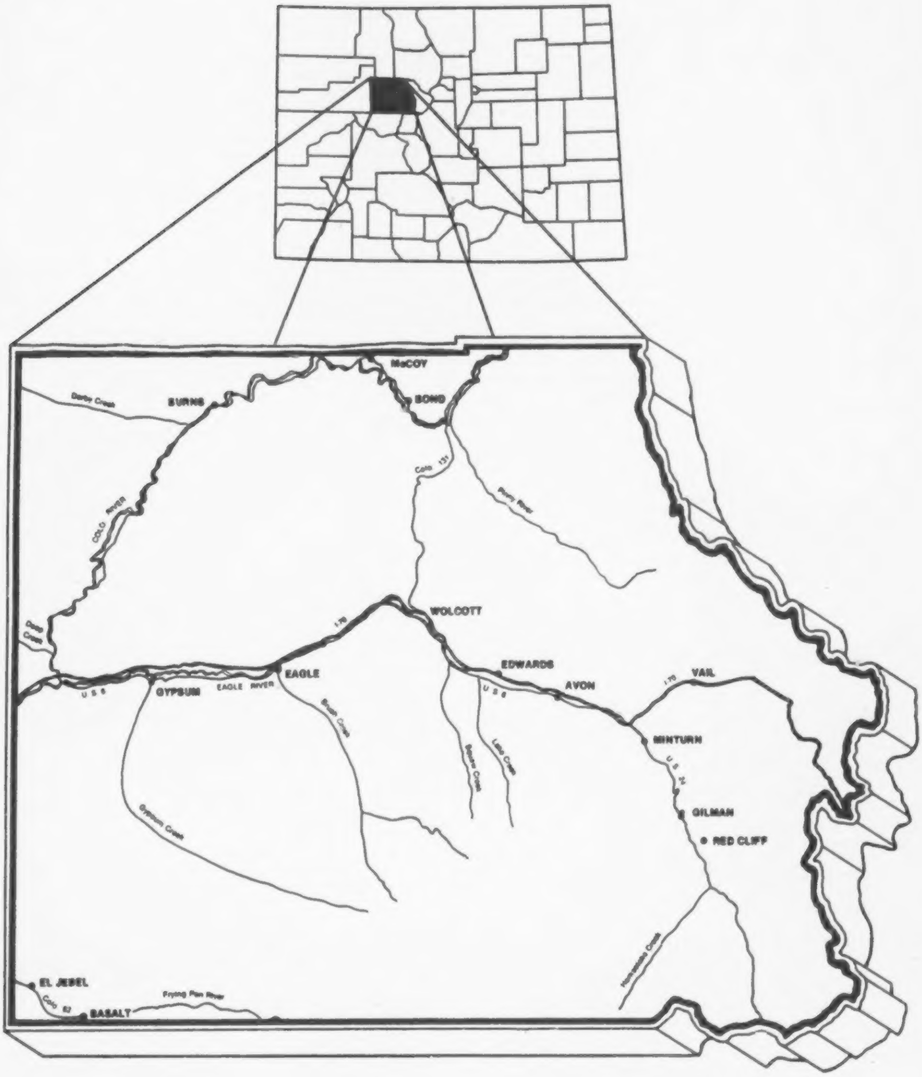
Vail and Beaver Creek have been selected to host the 1989 World Alpine Ski Championships, the second largest winter event to the Olympics. The Championships were last held in this country more than 30 years ago in Aspen. Most valued by Vail for its global press coverage, the World Championships should be a significant factor in raising the awareness of Vail among the 85% of the world's skiers who live outside the United States.

Further Information

The attached documents provide additional details on the Vail community. For further information please contact:

David A. Kanally, President
Vail Resort Association
241 E. Meadow Drive
Vail, CO 81657

EAGLE COUNTY, COLORADO


McCOY
BOND
Derby Creek
BURNS
COLO RIVER
Deep Creek
Colo 131
Piney River
WOLCOTT
I-70
EAGLE
GYPSUM
EAGLE RIVER
U S 6
Brush Creek
Squaw Creek
Lake Creek
EDWARDS
U S 6
AVON
I-70
VAIL
MINTURN
U S 24
GILMAN
RED CLIFF
Gypsum Creek
Homestake Creek
EL JEBEL
Colo 82
BASALT
Frying Pan River

VAIL

THE TOWN:

The Town of Vail was founded in 1962, incorporated as a statutory town in 1966, and adopted a Home Rule Charter in 1972. The town has a Council-Manager form of government and is governed by a seven-member Town Council elected at large.

Vail is located approximately one hundred miles west of Denver on Interstate Highway 70.

The economy of Vail is largely based upon skiing and tourism. Vail provides extensive skiing facilities, summer recreation opportunities and a wide variety of restaurant, retail and lodging facilities.

TRANSPORTATION:

Vail is served by Continental Trailways, Greyhound Bus Lines and numerous shuttle services to and from Denver and Stapleton Airport. Air transportation is available through Continental Express Airlines located in Avon, nine miles from Vail, and charter and limited scheduled commercial service at the Eagle County Airport, thirty miles from Vail. Passenger and freight rail service is available in Glenwood Springs, sixty miles from Vail.

POPULATION:

1983 estimate of 4,200.

BUDGET:

The Town of Vail operating budget for 1987 is $15,470,501.
Revenue for the budget is derived from the following services:
Retail sales - 50%
Property tax - 9%
User fees and leases - 5%
Real estate transfer tax - 6%
Intergovernmental - 5%
Ski lift tax - 8%
Investment income - 3%
Licenses and permits - 1%
Franchise tax - 2%
Fines - 1%
Parking fee - 7%
Other - 3%

RETAIL SALES:

Total retail sales in 1985 were $162,050,000.

UTILITIES:

Water and Sanitation - Upper Eagle Valley Water and Sanitation District.
Electric - Holy Cross Electric Association.
Gas - Public Service Company.
Telephone - Mountain Bell, AT&T, and other long distance telephone systems.
Television - Heritage Cablevision.

COMMUNITY FACILITIES:

Vail offers numerous facilities to residents and guests. Those include Vail Mountain for skiing, Dobson Ice Arena, Vail Public Library, Vail Municipal Golf Course, Vail Nature Center, numerous parks, ballfields, bicycle and pedestrian pathways. The free Town of Vail Municipal Bus System carried the third largest number of passengers in the State of Colorado in 1985 with 2,900,548 passengers.

Other community organizations include the Vail Institute for the Performing Arts and the Vail Resort Association.

MEDICAL FACILITIES:

The Vail Valley Medical Center is a 32-bed acute care non-profit community hospital with a range of services that includes 24-hour emergency room, general surgery, orthopedics, OB/GYN, pediatrics, internal medicine and cardio-pulmonary care. There are also numerous dentists, optometrists, ophthalmologists and family practice physicians. Vail is widely known for its orthopedic sports medicine clinic and physical therapy facilities.

EDUCATION:

Colorado Mountain College is a community college which provides continuing education for vocational and cultural interests. The college offers an Associated Arts Degree. Within the upper Eagle Valley there are two elementary schools, one middle school and one high school. There is also a private school located in the town, The Vail Mountain School, serving grades 1 - 12.

RELIGION:

The Vail Interfaith Chapel is located in Vail. It provides meeting facilities for approximately 10 different faiths. Nearby communities offer traditional churches of various denominations.

MEDIA:

Vail currently supports two newspapers - The Vail Trail, a weekly newspaper, and The Vail Daily, published five days a week. There are two radio stations, KVMT-FM and KVVR-AM, which broadcast locally, and KSPN-TV2, a local television broadcasting company.

CLIMATE:

Average daytime temperatures: Summer 73° - Winter 43°
Number of sunshine days per year - generally averages over 300 days.

GILLETT GROUP TV STATIONS

NBC AFFILIATES

Santa Barbara
San Luis Obispo
Baltimore
Nashville
San Deigo
Salinas
Monterey
Memphis

CBS AFFILIATES

Atlanta
Milwaukee
Cleveland
Detroit
Tampa
Grand Rapids
Lincoln
Marquette

ABC AFFILIATES

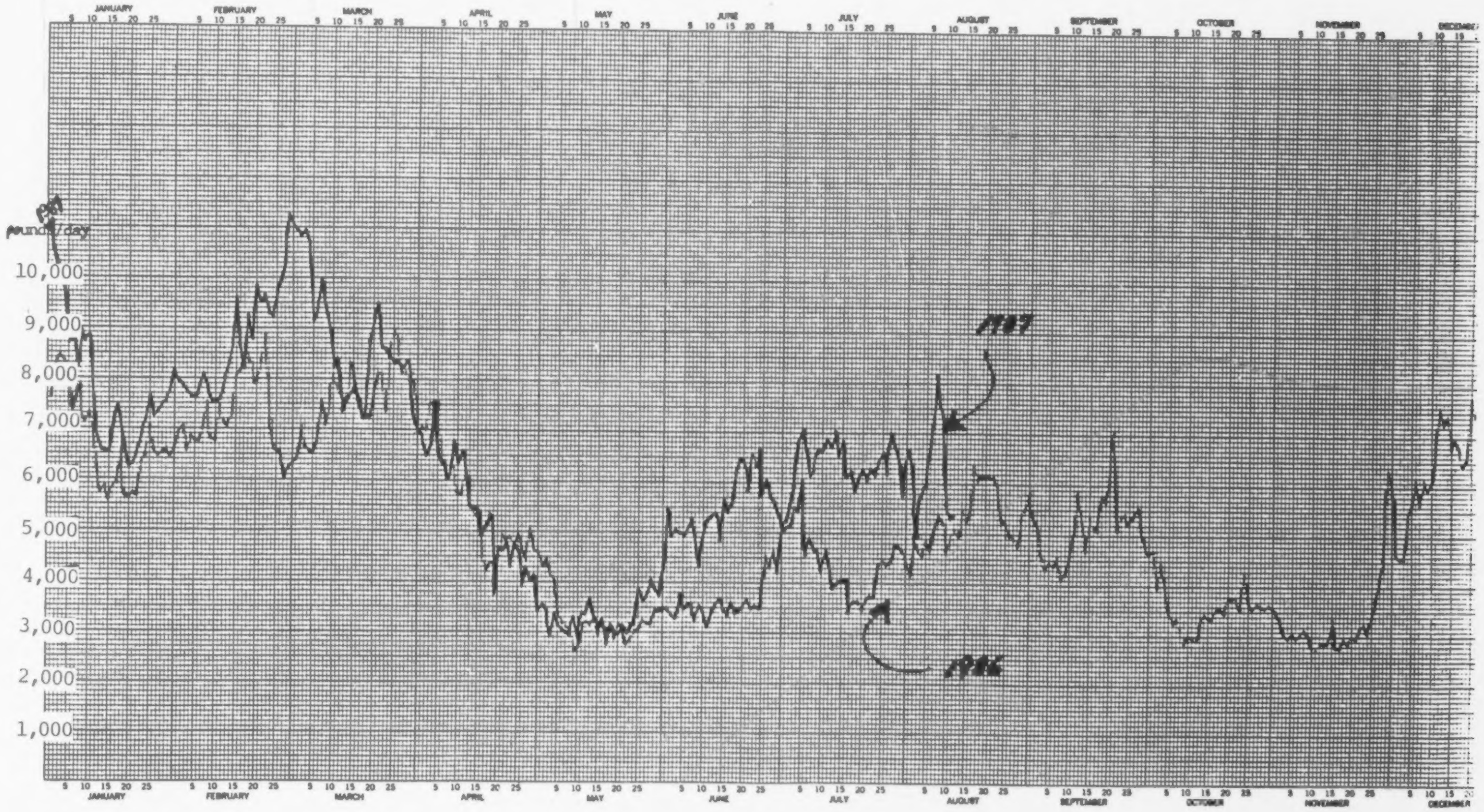
Rochester, N.Y.

INDEPENDENTS

Boston
Richmond, VA
Oklahoma City

This graph shows the amount of effluent from the Vail/Beaver Creek area treated by the Upper Eagle Valley Consolidated Sanitation District. To determine the number of individuals in the valley multiply the vertical Axis number by 4

TOTAL POUNDS/DAY BOD$_5$ TREATED THROUGH UEVCSD WASTEWATER PLANTS



TESTIMONY TO: United States House of Representatives Committee on Small Business. Subcommitee on Exports, Tourism, and Special Problems.

TESTIMONY BY: Dennis Van Patter, Manager of Public Affairs, Colorado Tourism Board

Mr. Chairman and Members of the Committee:

The Colorado Tourism Board extends to you a warm welcome to Coloradó. We are pleased that you are conducting this hearing on tourism and small business.

During Colorado's boom years of the late 1970's, tourism was lightly regarded in Colorado. It was a stable industry, but was measured against strong growth industries such as high technology, energy, manufacturing, and real estate/construction. Since that time, however, downturns in each of these areas as well as agriculture and mining have slowed the Colorado economy.

Today, tourism is a sustaining industry in our state. It has grown steadily over the past four years, and now accounts for more than 122,000 jobs. In 1986, tourism expenditures in Colorado totaled more than $5.42 billion. Tourism now comprises nearly 10% of the total Colorado economy. It is growing at a consistent 6-8% per year and is expected to continue into the 1990's.

In many rural parts of our state, tourism is the only large employer. Jobs within the industry range from ownership and management to part-time jobs for students and teenagers. All are badly needed within the Colorado economy.

In 1983, Colorado's tourism constituency began a collective campaign to reverse Colorado's shrinking tourism market share, which had dropped below 2% nationally. The industry proposed state legislation to establish a .1% tourism promotion tax on the following five areas of the industry:

1. Lodging and accommodations
2. Food and beverage
3. Ski tows and lifts
4. Attractions
5. Ground transportation

This legislation, the first of its kind in the nation, was passed through the diligence of the industry and with the cooperation of Congressman Campbell and many of his colleagues in the General Assembly.

This Colorado Tourism Promotion Fund yielded $2.8 million in its first year, and grew to $3.8 million in 1986/87 before the

General Assembly doubled the taxation rate to .2%. The Tourism Board expects revenues of $8.5 million from the fund in 1987/88.

Promotion Fund revenues have been used by the Tourism Board for marketing purposes. In 1983, the Tourism Board began the difficult task of restoring a level of awareness of Colorado among the nation's consumers, utilizing the theme "Guess I'd rather be in Colorado." Two years later, the more proactive theme of "Colorado. And no place else" was initiated by the program.

Today, the Colorado Tourism Board utilizes the following tools in its marketing efforts:

- Advertising ($4.9 million)
- Publications/Fulfillment ($1.3 million)
- Direct Marketing ($450,000)
- Media Relations ($374,000)
- Special Markets ($269,000)
- Welcome Centers ($230,000)
- Promotions ($86,000)

Over $7.5 million of the $8.6 million Tourism Board budget for 1987/88 is devoted to marketing activities. Other areas covered within the budget are public affairs (constituency relations and communications), research, administration, indirect costs, and private sector cooperative programs.

With the increase in budget for 1987/88, many new programs have been established. Among these are a Colorado News Bureau, designed to allow the Tourism Board direct computer contact with news outlets and sources across the nation and internationally; a constituency relations program; a research program; and special marketing programs to senior citizens, users of recreational vehicles, travel agents, and foreign nations (Japan, United Kingdom, and Canada). A new emphasis on in-state marketing programs was initiated this year.

The Colorado Tourism Board has been actively involved in several national and international programs. Within the U.S., Colorado Tourism has participated in National Tour Association, American Bus Association, International Pow Wow, Foremost Huddle West, and the Foremost West. Our organization has had representation at international trade shows in Tokyo (JATA), Berlin (ITB), and London (WTM). Through Foremost West, we are represented internationally on an on-going basis. We have worked with promotions and programs for both the United States Travel & Tourism Administration and the Travel Industry Association of America.

In addition to more formal programs, the Tourism Board has been active with State of Colorado efforts to stimulate international business. We participated in two recent missions to the United Kingdom, and will be looking to Japan in the future. CTB is also actively involved with a Rocky Mountain Mission to Germany and the Netherlands, in conjunction with the states of Utah and Wyoming, which is being held at this time.

Within Colorado, the atmosphere of cooperative tourism efforts, in place of past keen competition, is growing. An effort to regionalize our state for tourism purposes is going forward at this time. Local organizations and individuals are cooperating with nearby communities and associations as never before. The Colorado Tourism Board, although a relatively new organization with staff limitations, has been actively involved in providing technical assistance and information through its research projects and programs.

The Tourism Board is also actively seeking proposals for regional cooperative marketing activities, which will allow both the CTB and local areas to better utilize and pool resources to benefit everyone.

A new era of tourism promotion and emphasis has begun in Colorado. Certainly, proposed H.R. 2357 is seeking a similar beginning at the national level. The proposal of an organization directed by a partnership of private and public sector representatives would appear, in theory, to allow vital local and state input on national programs. This input is, in our view, very important to any federal tourism programs because of the potential impact at the state and local levels. An emphasis on coordination of all national tourism activities by one agency would be very desirable, just as it is for the local and state levels, as well.

The Colorado Tourism Board thanks the Committee for the opportunity to participate in this hearing.

COLORADO
And no place else.℠

NOV 05 [illegible]

October 29, 1987

Honorable Ben Nighthorse Campbell
United States Representative
1724 Longworth Office Building
Washington, D.C. 20515

Dear Congressman Campbell:

This letter is written to serve two purposes, the first of which is to thank you for coming to Colorado with Congressman Skelton to conduct tourism hearings. I feel the testimony at Vail was valuable, and I know your sensitivity in holding such hearings here made all of us feel very good about the entire process.

As you may recall, Congressman Skelton requested figures from Colorado regarding estimates of private-sector marketing expenditures for tourism. I posed that question to Dan Love, our Executive Director, and Don Merrion, our Manager of Research.

To the best of our estimates, the private industry in Colorado spends approximately $50 million annually outside Colorado for marketing activities. This figure excludes dollars spent by organizations such as airlines and hotel chains which are not specifically targeting Colorado as a destination.

These figures mean the private industry was outspending the Tourism Board by approximately $13:1. With the passage of H.B. 1214 and the new tourism promotion tax level, the ratio will be approximately $6:1 if the private-sector spending remains stable.

As you can imagine, these figures are very rough. The private sector of the industry is sometimes reluctant to be specific about marketing expenditures for reasons of competitive confidentiality.

I hope this information is useful. We look forward to the next time you will be in Colorado.

Best wishes,

DJ VanPatter

Dennis J. Van Patter
Manager of Public Affairs

Colorado Tourism Board · 1625 Broadway, Suite 1700 · Denver, Colorado 80202 · (303) 592-5410

STATEMENT BY THE ASSISTANT SECRETARY OF COMMERCE
FOR TOURISM MARKETING

RICHARD L. SEELY

SUBCOMMITTEE ON EXPORTS,
TOURISM AND SPECIAL PROBLEMS
VAIL, COLORADO
OCTOBER 10, 1987

I AM PLEASED TO BE TESTIFYING TODAY ON USTTA'S CURRENT INTERNATIONAL MARKETING PROGRAMS AND HOW THESE PROGRAMS CAN ASSIST SMALL TOURISM RELATED BUSINESSES.

BEFORE I BEGIN, I WOULD LIKE TO CONGRATULATE THE CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE ON THEIR INVOLVEMENT IN INTERNATIONAL TOURISM. BY HOLDING SIX HEARINGS AROUND THE UNITED STATES AND BY PREPARING A REPORT ON INTERNATIONAL TOURISM AND SMALL BUSINESS, THE SUBCOMMITTEE HAS FOCUSED MUCH NEEDED ATTENTION ON TOURISM AS A KEY EXPORT AND ON THE TOURISM INDUSTRY AS ONE MADE UP PRIMARILY OF SMALL BUSINESSES.

TOURISM IN GENERAL, AND INTERNATIONAL TOURISM IN PARTICULAR, NEED TO BE INCREASINGLY PROMOTED BY THE U.S. PUBLIC AND PRIVATE SECTORS. ALL INDICATIONS ARE THAT INTERNATIONAL TOURISM -- BECAUSE OF GROWING PERSONAL INCOME, INCREASED LEISURE TIME AND REDUCTION OF RESTRICTIONS ON FOREIGN TRAVEL -- IS ENTERING A PERIOD OF RAPID GROWTH.

FORTUNATELY FOR THE UNITED STATES, OUR COUNTRY IS SITTING ON A GOLD MINE. COMPREHENSIVE RESEARCH ON LONG-HAUL PLEASURE TRAVEL PATTERNS SHOWS THAT THE UNITED STATES IS THE NUMBER ONE PREFERRED DESTINATION

IN ALL OF THE MAJOR TOURISM GENERATING COUNTRIES. I'M SURE, SOON TO BE COMPLETED MARKET RESEARCH STUDIES, WILL SHOW THE SAME HOLDS TRUE FOR EMERGING MARKETS SUCH AS HONG KONG AND SINGAPORE, AMONG OTHERS.

BUT TO TAKE ADVANTAGE OF THIS POTENTIAL, THERE IS A GREAT DEAL TO BE DONE BEFORE THE UNITED STATES FINDS ITSELF WITH AN INCREASING, NOT DECREASING, SHARE OF THE INTERNATIONAL TRAVEL MARKET.

AS WE ALL KNOW, COMPETITION FROM OTHER COUNTRIES FOR FOREIGN TOURISTS IS FIERCE AND INCREASING IN INTENSITY EACH YEAR. IN THE UNITED KINGDOM, FOR EXAMPLE, THERE ARE OVER 70 NATIONAL TOURISM ADMINISTRATIONS CONDUCTING HIGH VISIBILITY MARKETING PROGRAMS DIRECTED AT THE BRITISH TRADE AND CONSUMER.

TO MEET THIS MARKETING CHALLENGE FROM OTHER COUNTRIES I BELIEVE WE MUST DO A NUMBER OF THINGS.

FIRST, THE NATION MUST SPEAK WITH A STRONGER AND MORE UNIFIED PROMOTIONAL VOICE ABROAD. THIS MEANS THAT WORK NEEDS TO BE DONE TO GET MORE ORGANIZATIONS TO PROMOTE TOURISM INTERNATIONALLY. WE ALSO NEED TO HARMONIZE AND UNIFY THE SCORES OF DIFFERENT MESSAGES AND IMAGES OUR COUNTRY'S TOURISM ORGANIZATIONS ARE DISSEMINATING IN KEY FOREIGN MARKETS. OTHER COUNTRIES HAVE ALREADY MOUNTED HUGE, UNIFIED PROMOTIONAL PROGRAMS I.E., CANADA, AUSTRALIA, JAMAICA, AMONG OTHERS - SO SHOULD WE, AND IT IS CLEAR OUR INDUSTRY IS READY TO WORK TOGETHER TO ACHIEVE THIS END.

SECOND, WE NEED TO PROMOTE DIFFERENT REGIONS OF THE COUNTRY IN FOREIGN MARKETS AS A PRIMARY STRATEGY FOR INCREASING INBOUND TRAFFIC.

MOST FOREIGN TOURISTS CAN'T TRAVEL THE ENTIRE UNITED STATES DURING ONE TRIP BUT CAN VISIT 2-3 STATES AND COVER MUCH OF WHAT A REGION HAS TO OFFER.

BY PROMOTING A REGION, MANY LESSER KNOWN DESTINATIONS AND ATTRACTIONS CAN GAIN RECOGNITION ALONG WITH MORE WIDELY RECOGNIZED POINTS OF INTEREST.

REGIONAL PROMOTIONS MEAN THE POOLING OF DOLLARS CREATING SUFFICIENT MARKETING PUNCH ABROAD TO GET THE ATTENTION OF POTENTIAL LONG-HAUL TRAVELERS.

THROUGH REGIONAL PROMOTIONS, A LARGE ENOUGH ARRAY OF PRODUCTS AND SERVICES CAN BE OFFERED TO TOURISTS TO CONVINCE THEM TO SPEND THEIR 3-4 WEEKS' VACATION IN THE UNITED STATES RATHER THAN CHOOSING TO SPEND THIS TIME IN A COMPETING INTERNATIONAL DESTINATION. IT IS CLEAR THAT A SINGLE BUSINESS CAN RARELY LURE A FOREIGN VISITOR TO THE UNITED STATES. HOWEVER, HOTEL PROPERTIES, ATTRACTIONS AND OTHER ORGANIZATIONS OFFERING TRAVEL SERVICES HAVE PROVEN THAT THEY CAN OFFER THE POTENTIAL FOREIGN VISITOR VERY ATTRACTIVE TOURISM PACKAGES.

SMALL BUSINESSES, IN PARTICULAR, BENEFIT FROM REGIONAL PROMOTIONS. THESE PROGRAMS ALLOW THE ORGANIZATION TO LEVERAGE LIMITED RESOURCES AND PENETRATE A FOREIGN MARKET THEY WOULD NOT OTHERWISE HAVE THE BUDGET TO ENTER.

THIRD, STATES, CITIES, U.S. REGIONAL ORGANIZATIONS AND PRIVATE SECTOR FIRMS MUST DEVELOP NEW AND INNOVATIVE TOUR PRODUCTS FOR SALE OVERSEAS WHICH MEET CHANGING CONDITIONS AND ADDRESS NEW SEGMENTS OF THE MARKET, SUCH AS REPEAT TRAVELERS OR VISITORS WHO PREFER TO DRIVE THEMSELVES.

GENERALLY TOURISM PRODUCTS SOLD IN THE AMERICAN MARKET CANNOT BE SUCCESSFULLY MARKETED OVERSEAS. ALSO TODAY THERE ARE MANY AREAS AND REGIONS OF THE COUNTRY WHICH ARE NOT YET "ON THE SHELF" IN THE FORM OF TOUR PACKAGES.

IT DOES NO GOOD FOR A DESTINATION TO GENERATE INTEREST ON THE PART OF THE FOREIGN TRAVELER BY DISTRIBUTING BROCHURES OR THROUGH TV OR PRINT ADVERTISING PROGRAMS IF POTENTIAL TRAVELERS CANNOT GO TO A "HOLIDAY SHOP" AND BUY A TOUR PACKAGE OR THE COMPONENTS FOR TRAVELING INDEPENDENTLY SUCH AS, AIR TICKETS, A RENT-A-CAR VOUCHER AND/OR A HOTEL VOUCHER.

WE CANNOT OVERLY STRESS THE NEED FOR THE U.S. TOURISM INDUSTRY TO DEVELOP NEW TOURISM PRODUCTS. UNDERLYING THE IMPORTANCE OF THIS TYPE OF EFFORT IS THE FACT THAT IN COUNTRIES SUCH AS THE UNITED KINGDOM, CITIZENS TAKE APPROXIMATELY 21 MILLION INTERNATIONAL TRIPS A YEAR. WITH VOLUMES THIS SIZE THE TYPICAL UK TRAVEL AGENT CAN'T HELP EACH CUSTOMER PLAN INDIVIDUALIZED VACATIONS. UK TOURISTS MUST BUY THEIR VACATION OR ITS COMPONENTS OFF THE SHELF AND, IF YOURS ARE NOT THERE, NO INTERNATIONAL TRAVELERS WILL COME YOUR WAY.

FOURTH, THERE IS A NEED TO BUILD STRONG AND LASTING PUBLIC AND PRIVATE SECTOR PARTNERSHIPS AS A MEANS OF INCREASING OUR COUNTRY'S TOURISM MUSCLE. WE NEED PARTNERSHIPS IN WHICH STATES, CITIES, REGIONAL ORGANIZATIONS AND PRIVATE SECTOR FIRMS PLAN TOGETHER, POOL THEIR RESOURCES, EXCHANGE MARKET INFORMATION AND WORK WITH THEIR COMPETITORS SO THAT THE UNITED STATES CAN COMPETE ON EQUAL TERMS IN THE FOREIGN MARKET PLACE. OVER THE LAST TWO YEARS PARTNERSHIPS, WHICH USTTA HELPED FORM, HAVE GENERATED SIGNIFICANT RESULTS.

FOR EXAMPLE, IN WEST GERMANY IN 1986, USTTA JOINED WITH 44 STATE, CITY CONVENTION AND VISITOR BUREAUS, AIRLINES, HOTELS AND OTHER INDUSTRY PARTNERS TO CARRY OUT A UNIFIED VISIT USA PROMOTION IN THAT COUNTRY. THE TOURISM INDUSTRY INVESTED OVER $2 MILLION IN THE PROGRAM, 58 NEW TOURISM ORGANIZATIONS BEGAN ADVERTISING IN THAT MARKET AS A RESULT OF THIS PROGRAM. THE CAMPAIGN GENERATED OVER 40,000 COUPON RESPONSES WITH THE USTTA PORTION OF THE CO-OP ADVERTISING CAMPAIGN CONTRIBUTING $16.3 MILLION IN NEW TOURIST DOLLARS TO THE UNITED STATES; A RETURN ON INVESTMENT OF 17-1.

IN 1987, USTTA BROUGHT TOGETHER DELTA AIRLINES, DER (A LARGE GERMAN TOUR OPERATOR) AND THE TOURISM INDUSTRIES OF THE OLD WEST TRAIL FOUNDATION STATES (NORTH AND SOUTH DAKOTA, NEBRASKA, WYOMING AND MONTANA) TO DEVELOP AND PROMOTE NEW TOURISM PACKAGES IN WEST GERMANY IN 1988.

MANY SMALL BUSINESSES FROM THE REGION INCLUDING THE SOJOURNER INN (TETON VILLAGE, WYOMING), THE STAGE COACH INN (WEST YELLOW STONE) AND THE BEST WESTERN WAR BONNET HOTEL (BUTTE, MONTANA) WILL BE SELLING LODGING AND OTHER SERVICES TO WEST GERMAN TOURISTS THIS COMING SUMMER AS PART OF THESE NEW PACKAGES.

AS A FIRST STEP IN PROMOTING THE OLD WEST TRAIL AND ITS TOURISM RESOURCES, USTTA CO-SPONSORED WITH THE REGION BACK-TO-BACK JOURNALIST FAMILIARIZATION TOURS IN JUNE 1987 AND ALSO CONDUCTED IN AUGUST AN INTERNATIONAL SYMPOSIUM ON THE AMERICAN WEST IN MONTANA FOR 18 WRITERS FROM 9 COUNTRIES.

USTTA, THE OLD WEST TRAIL AND DELTA ARE ALSO PLANNING TO BRING A PERFORMING GROUP TO THE MARCH 1988 WEST GERMAN ITB TRAVEL TRADE SHOW AND TO PROMOTE THE REGION'S NEW PRODUCTS AT THIS IMPORTANT INTERNATIONAL EVENT.

USTTA HAS ALSO:

- JOINED THE 6 NEW ENGLAND STATES AND TWA TO CARRY OUT A 6 WEEK CO-OP TV AD CAMPAIGN IN THE UNITED KINGDOM. SEVERAL THOUSAND OF THE 391 POUND FLY/DRIVE PACKAGES, DEVELOPED ESPECIALLY FOR THIS CAMPAIGN, HAVE BEEN SOLD, TWA LOAD FACTORS INTO THE BOSTON AREA ARE SIGNIFICANTLY UP AND ENGLISH TOURISTS ARE NOW STAYING IN SMALL HOTELS AND SHOPPING AT LOCAL STORES IN NEW ENGLAND TOWNS WHERE THEY HAVE NEVER BEEN SEEN BEFORE. ALL PARTNERS VIEW THIS EFFORT AS BEING A HUGE SUCCESS.

- BROUGHT TOGETHER THE STATE OF FLORIDA, PAN AMERICAN, AMERICAN EXPRESS, ALAMO CAR RENTAL AND OURSELVES TO CARRY OUT AN TV AND PRINT ADVERTISING CAMPAIGN IN BRAZIL, ARGENTINA, VENEZUELA AND MEXICO FISCAL 1988

- BEEN THE CATALYST UNDER WHICH ILLINOIS AND TWA WILL JOIN USTTA TO CONDUCT TV ADVERTISING IN 1988 IN THE UNITED KINGDOM AIMED AT GAINING EXPOSURE FOR LESSER KNOWN DESTINATIONS AND ATTRACTIONS IN THE STATE; AND

- CONVINCED UNITED AIRLINES AND SHERATON HOTELS CORPORATION TO JOINTLY SPONSOR THE PUBLICATION AND DISTRIBUTION OF 300,000 USTTA "HOLIDAY PLANNER" BROCHURES TO THE TRADE AND CONSUMERS IN JAPAN AND OTHER PACIFIC COUNTRIES.

THERE ARE A NUMBER OF OTHER CASES WHERE USTTA FORMED PUBLIC/PRIVATE SECTOR PARTNERSHIPS HAVE LEAD TO THE CONDUCT OF LARGE, UNIFIED CAMPAIGNS ABROAD.

USTTA MISSION, STRATEGY AND PROGRAMS

USTTA'S MISSION IS TO PROMOTE INBOUND TRAVEL TO THE UNITED STATES. TO ACHIEVE THIS END UNDER SECRETARY DONNA TUTTLE HAS

MADE THE AGENCY'S NUMBER ONE GOAL TO INCREASE THE NUMBERS OF U.S. TOURISM SUPPLIERS MARKETING INTERNATIONALLY. IN FY 1986, USTTA WAS SUCCESSFUL IN ATTRACTING 1239 CITIES AND INDUSTRY FIRMS TO PARTICIPATE IN AGENCY MARKETING PROGRAMS. THE VAST MAJORITY OF THESE ORGANIZATIONS WERE SMALL BUSINESSES.

I HAVE ALREADY DESCRIBED ONE WAY IN WHICH USTTA IS ASSISTING THE U.S. NATIONAL TOURISM EFFORT BY HELPING TO BUILD PUBLIC AND PRIVATE SECTOR PARTNERSHIPS LEADING TO LARGER AND MORE UNIFIED PROMOTIONAL CAMPAIGNS ABROAD.

I WOULD LIKE TO BRIEFLY DESCRIBE OTHER PROGRAMS USTTA IS CARRYING OUT TO BOOST OUR TOURISM EXPORTS.

USTTA CARRIES OUT ANNUAL MARKETING CONFERENCES AND PLANNING MEETINGS WITH STATES AND U.S. REGIONAL ORGANIZATIONS WHOSE MEMBERSHIP INCLUDES REPRESENTATION FROM 48-50 STATES. THESE SESSIONS CONSTITUTE OUR PRINCIPAL OUTREACH TOOL BECAUSE WE REALIZE WE NEED TO GO OUT AND MEET SMALL BUSINESSES IN THEIR OWN DESTINATIONS. THEY RANGE FROM A MAJOR REGIONAL TOURISM CONFERENCE INVOLVING 250-500 PARTICIPANTS TO SMALL STATE AND REGIONAL PLANNING MEETINGS.
LARGE CONFERENCES OF THIS TYPE HAVE RECENTLY BEEN HELD IN THE OLD WEST TRAIL REGION AND IN TEXAS. ANOTHER LARGE CONFERENCE HAS JUST TAKEN PLACE IN THE GREAT LAKES STATES REGION.

IN PREPARING FOR OUR PARTICIPATION IN REGIONAL CONFERENCES WE DEVELOP SPECIFIC MARKET RESEARCH DATA AND WRITE TAILOR-MADE MARKETING PLANS.

THESE SUGGESTED PLANS ENABLE THE REGIONAL DECISION-MAKERS TO SELECT THEIR BEST TARGET MARKETS AND TO PRIORITIZE THE ALLOCATION OF AVAILABLE RESOURCES. IN EFFECT USTTA FUNCTIONS AS A MARKETING CONSULTANT.

USTTA SPONSORED REGIONAL CONFERENCES AND PLANNING MEETINGS HAVE GENERATED MANY NEW ENTRANTS INTO THE INTERNATIONAL MARKET AND HAVE RESULTED IN THE FOLLOWING TYPES OF CO-OP MARKETING ACTIVITIES:

- THE OLD WEST TRAIL STATES DEVELOPING NEW TOURISM PRODUCTS FOR THE WEST GERMAN MARKET.

- THE AMERICA'S HEARTLAND REGION (MISSOURI, KANSAS, LOUISIANA, OKLAHOMA, ARKANSAS) DEVELOPING NEW TOURISM PRODUCTS FOR THE U.K. MARKET.

- TRAVEL SOUTH USA (11 SOUTHERN STATES) CONDUCTING A FAMILIARIZATION TOUR FOR 50 WEST GERMAN TRAVEL AGENTS AND PUBLISHING A SPECIAL ADVERTISING SECTION IN THE USTTA DESTINATION USA TRADE MAGAZINE IN GERMANY.

- GREAT LAKES STATES USA PUBLISHING REGIONAL ADVERTISING SECTIONS IN THE U.K. AND WEST GERMANY.

- NEW ENGLAND STATES PUBLISHING A SPECIAL ADVERTISING SECTION IN THE UNITED KINGDOM AND CARRYING OUT A MULTI-COUNTRY JOURNALIST FAMILIARIZATION TOUR.

- PUERTO RICO AND THE U.S. VIRGIN ISLANDS CARRYING OUT A MULTI-COUNTRY JOURNALIST FAMILIARIZATION TOUR NEXT MONTH.

- WEST VIRGINIA AND VIRGINIA PLANNING TO CONDUCT A CANADIAN JOURNALIST FAM TOUR THIS SPRING.

THE ABOVE IS BY NO MEANS AN EXHAUSTIVE LIST OF THE PROGRAMS DEVELOPED THROUGH USTTA'S REGIONAL MARKETING EFFORTS.

IN ANOTHER KEY PROGRAM AREA, USTTA CARRIES OUT AN ANNUAL NATIONAL MARKETING CONFERENCE IN WASHINGTON. AT THIS MEETING OVER 50 FOREIGN TOURISM INDUSTRY EXPERTS PLUS USTTA'S 10 REGIONAL DIRECTORS DISCUSS WITH 400-500 U.S. BUSINESSES AND DESTINATIONS INBOUND TOURIST STATISTICS, TARGET MARKETS AND APPROPRIATE PROMOTIONAL ACTIVITIES. THIS EVENT HAS RESULTED IN THE DEVELOPMENT OF NEW MARKETING PROGRAMS AND HAS HELPED CONVINCE AGENCIES AND COMPANIES TO BEGIN PENETRATING FOREIGN MARKETS.

USTTA HAS DEVOTED RESOURCES TO ASSISTING INDUSTRY ASSOCIATIONS SUCH AS THE AMERICAN BUS ASSOCIATION (ABA) AND THE NATIONAL TOUR ASSOCIATION (NTA) DEVELOP EDUCATIONAL AND MARKETING PROGRAMS AIMED AT GETTING THEIR MOTORCOACH OPERATORS TO BEGIN INTERNATIONAL MARKETING OPERATIONS. MANY MEMBERS OF THESE ASSOCIATIONS HAVE POTENTIAL TO OFFER RECEPTIVE SERVICES TO THE FOREIGN TRAVEL TRADE. BY HOLDING AN EDUCATIONAL SEMINAR IN WASHINGTON THIS PAST JULY FOR OVER 100 ABA MEMBERS, USTTA FIELD STAFF FROM THE UNITED KINGDOM, WEST GERMANY AND JAPAN WERE ABLE TO ADVISE BUS OPERATORS HOW TO SELL THEIR PRODUCTS ABROAD AND MEET THEIR FOREIGN COUNTERPARTS. TRAVEL MISSIONS, TRADE SHOWS AND OTHER MARKETING ACTIVITIES ARE BEING JOINTLY PLANNED BY USTTA AND ABA FOR 1988.

USTTA AND NTA ARE PLANNING TO JOINTLY CARRY OUT EDUCATIONAL AND MARKETING PROGRAMS DURING 1987-1988 SIMILAR TO THE ABA INITIATIVES. A FIRST EDUCATIONAL PROGRAM WILL HAVE USTTA FIELD AND WASHINGTON STAFF CONDUCTING A HOW-TO-DO-BUSINESS-ABROAD SEMINAR DURING THE NOVEMBER 1987 NTA CONFERENCE. WITH USTTA ASSISTANCE, NTA IS PLANNING TO PARTICIPATE IN THE WORLD TRAVEL MARKET IN LONDON AND THE ITB TRAVEL TRADE SHOW IN WEST BERLIN IN DECEMBER 1987 AND MARCH 1988, RESPECTIVELY.

USTTA IS ALSO WORKING CLOSELY WITH THE AMERICAN HOTEL AND MOTEL ASSOCIATION (AH&MA) TO PUBLISH AND DISTRIBUTE INTERNATIONAL HOTEL DIRECTORIES. THIS EFFORT HAS ASSISTED HUNDREDS OF SMALL U.S. HOTELS PUBLICIZE THEIR SERVICES IN KEY FOREIGN MARKETS AROUND THE WORLD. USTTA HAS ALSO COORDINATED A MARKET SEGMENTATION PROGRAM FOR 13 AH&MA HOTEL COMPANIES IN THE UNITED

KINGDOM AND WEST GERMANY THIS PAST MONTH. THROUGH THIS PROGRAM U.S. HOTELS HAVE HAD AN OPPORTUNITY TO MEET WITH THE TRAVEL TRADE IN EACH OF THESE COUNTRIES AND TO OUTLINE THE AFFORDABILITY AND QUALITY OFFERED BY THE ECONOMY SIDE OF THE AMERICAN LODGING INDUSTRY.

ADDITIONAL CO-OP MARKETING PROGRAMS RESULT FROM REGULAR VISIT USA COMMITTEE PLANNING MEETINGS HELD IN KEY FOREIGN MARKETS. COMMITTEES ARE MADE UP OF REPRESENTATIVES OF U.S. FIRMS LOCATED ABROAD AND THE FOREIGN TRAVEL TRADE INTERESTED IN PROMOTING INBOUND TOURISM TO THE UNITED STATES.

IN ORDER THAT THE GREATEST NUMBER OF U.S. TOURISM ORGANIZATIONS KNOW ABOUT USTTA CO-OP PROGRAM OPPORTUNITIES THE AGENCY PUBLISHES TWICE YEARLY AN INTERNATIONAL CO-OP MARKETING MANUAL WHICH IS DISTRIBUTED TO OVER 2000 U.S. SUPPLIERS.

ONCE MARKETING PROGRAMS AND PLANS HAVE BEEN ACCEPTED, USTTA'S OFFICES ABROAD ARE THE KEY TO IMPLEMENTATION. THE AGENCY'S FIELD STAFF ARE REGULARLY INVOLVED IN COORDINATING U.S. TOURISM ORGANIZATION PARTICIPATION IN MAJOR FOREIGN TRAVEL SHOWS, COOPERATIVE ADVERTISING PROJECTS, TOUR DEVELOPMENT PROJECTS

WITH TOUR WHOLESALERS, THE ORGANIZATION OF FAMILIARIZATION TOURS FOR TRAVEL WRITERS OR RETAIL TRAVEL AGENTS AND MANY MORE.

I HOPE THIS BRIEF OVERVIEW OF USTTA PROGRAMS HAS MADE IT CLEAR HOW THE AGENCY -- BY PROVIDING TECHNICAL ASSISTANCE, A SMALL AMOUNT OF SEED MONEY TO CO-OP PROJECTS AND BY PULLING DESTINATIONS TOGETHER WITH INDUSTRY -- IS ACTING AS A CATALYST HELPING TO GET SUBSTANTIAL NUMBERS OF U.S. COMPANIES TO BEGIN MARKETING INTERNATIONALLY. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

Testimony of S. R. "Stan" Broome
Executive Director, Region 10 Economic Development District
Montrose, Colorado

TESTIMONY FOR THE RECORD OF THE COMMITTEE ON SMALL BUSINESS; HOUSE SUBCOMMITTEE ON EXPORTS, TOURISM AND SPECIAL PROBLEMS; VAIL, COLORADO; OCTOBER 10, 1987.

Mr. Chairman, Committee Members. It is a pleasure having you take the time to be a "tourist" here in Western Colorado. We have every hope that your experience here and the knowledge shared by those presenting testimony will be positive and constructive.

The Region 10 Economic Development District (EDA-Department of Commerce designation) serves a six county area located on the Western Slope. Our member counties include Montrose, Delta, Gunnison, Ouray, San Miguel and Hinsdale. We are bordered on the South by the San Juan Mountains, on the East by the Collegiate Range, North, by the Elk Mountains, and to the West by the Uncompahgre Plateau. Many consider this region to have the most spectacular scenery including Ouray's "Little Switzerland" and the Black Canyon National Monument - which has the potential and support for being designated a National Park. In addition, we have a National Recreation Area (Curecanti) containing the largest body of water in the state. Two major ski areas, Telluride and Mt. Crested Butte offer world class skiing and incorporate some National Forest lands in their operation.

If there is one underlying issue that needs to be addressed, it is the need for a clear public policy on the use of our greatest resource in Western Colorado, the public lands!

In reviewing our historical information, tourism represents approximately fifty (50) percent of the economic drive of Region 10. Each new tourism dollar brought into the Region has a multiplier effect of three. The tourism trade continues to increase slightly each year and the projection would indicate that the trend should continue in the future.

A recent census of fifteen new business and manufacturing "starts" in the Region indicates that every ownership principal "found" our area as a result of a vacation trip. With this emphasis in mind, we have just begun a region-wide tourism marketing effort as a principal focus of our Rural Enterprise Zone designation. Hopefully this effort, accomplished with funding from both the public and private sector, will not only stimulate tourism dollars, but expose our region to new business prospects.

The State of Colorado, through both the Governor's Rural Economic Development Strategy and the Colorado Tourism Board, is considering the ways and means of regional tourism promotion. Ideas discussed include regional travel planners and cooperative marketing. This is a fledgling start and much needs to be done in the coming months.

Efforts of the twenty-two Municipalities and six Counties (population 67,000) which Region 10 represents, to coordinate tourism, is presently very marginal. Within the past few weeks my staff has begun to structure a mechanism to attempt to network local marketing and promotion to a larger audience. Our direction has first to be toward selling ourselves to ourselves. Once this confort level is reached, we can begin to target our in and out of State markets more effectively. Throughout this process, one must remember that the typical visitor, although swayed by our region's natural beauty, will leave with a feeling of how well they were treated by the service industry.

Region 10 has not knowingly participated in any National or International tourism marketing. To the extent that we are part of Coloado, then we probably have participated in a broader marketing program. If there is a role for the proposed "Tour USA Promotion Corporation" it should be focused on the areas of regional attractions. This would permit the visitor an opportunity to create an image of a geographic area which would hold more lasting impressions. This type of program will require extensive coordination to be effective, and a very well defined and targeted marketing plan needs to be developed. In my opinion this would be a very difficult task to be accomplished by a bureaucracy located in Washington, D.C., with little sensitivity to local and regional capabilities, capacities to serve the traveling public, or the ability to respond to a large level of promotional inquiry.

On the other hand, it is encouraging to see the interest that this Subcommittee has in discussion the issues and seeking the input from our respective constituencies. On behalf of our members in Region 10, I thank you for this opportunity to share our thoughts.

DURANGO!
AREA
Chamber Resort
ASSOCIATION

PRESENTATION TO

SUBCOMMITTEE ON EXPORTS, TOURISM, AND SPECIAL PROBLEMS

of the

COMMITTEE ON SMALL BUSINESS

U.S. HOUSE OF REPRESENTATIVES

Ike Skelton, Missouri, Chairman

by

Kenneth G. Brengle, Jr., Chief Executive Officer
DURANGO AREA CHAMBER RESORT ASSOCIATION

Vail, Colorado

October 10, 1987

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Dear Mr. Chairman and Members of the Subcommittee,

It is a distinct privilege and honor to be able to address you today concerning the importance of tourism to Durango, CO. But first I would like to give you a brief history on Durango.

Will Rogers once said of Durango, Colorado, "It's out of the way and glad of it."

And glad it is. This small western city, tucked away in a horseshoe of the San Juan Mountains in the southwestern corner of the state, has been the gateway to Southwestern Colorado's riches for more than 100 years. Indians and fur traders, miners and prospectors, ranchers and railroad engineers alike, have passed through Durango on their way to seek their fortunes. And many of them found that Durango itself was the treasure they sought.

Cars have replaced the covered wagon since Durango's founding, and one of the world's few surviving narrow gauge trains now hauls passengers instead of silver ore. But the bustling city continues to be the destination of modern-day explorers who seek the riches of Durango's lifestyle and the wealth of beauty in the surrounding environment, proving the Durango truly is a jewel of the Southwest.

Although Durango itself is a relatively young town, the Four Corners Region where it's located is steeped in an ancient past.

Two thousand years ago, the region was home to an ancient Pueblo Indian people known as the Anasazi. They cultivated corn in the area's river valleys and established great stone communities in the surrounding cliffs. Although they mysteriously left the Four Corners area by the 1300's, examples of their art, culture, and architecture can still be found throughout the area.

Mesa Verde National Park, located 37 miles southwest of Durango, is known for its outstanding examples of Anasazi cliff dwellings and artifacts. An important part of the area's prehistory, it was named a World Heritage Site by the United Nations World Heritage Committee.

The Ute Indians were the next inhabitants of what would later be La Plata County. Territorial and fierce, the Utes had claimed Western Colorado as their home by the 16th Century, when they were discovered by Spanish explorers traveling from the south.

Those Spaniards were the first trickle of Europeans into the area -- a trickle that became a flood of farmers and ranchers and homesteaders by the late 1800's. And by the time the white man had settled along the rivers and valleys that had once been Ute hunting grounds, the Southern Ute Indians had been placed on reservations in the southwesternmost corner of the state. Today, the Southern Ute Tribe continues its traditions in Ignacio, to the south of Durango, and the Ute Mountain Utes live near Towaoc to the west.

The Spanish explorers who discovered the Ute Indians left their legacy in Southwest Colorado by christening many of the rivers and mountains that they found on their journey through the area. The river winding through the center of town was called the Rio de las Animas Peridida**s** or River of Lost Souls.

Today, locals just call it the Animas.

Born in the wake of Colorado's gold and silver rush, Durango didn't make an appearance until the late 1800's, when the Denver and Rio Grande Railroad decided to build a branch to Silverton and establish Durango as the hub of its rail system, shipping rich ore from the mountains to the smelters in Durango.

The railroad company first wanted to locate its roundhouse and station in Animas City -- now the north half of Durango -- and asked the Animas City town fathers to donate the land for a depot. But the proud little town refused, and the angered railroad headed south to create a new town of its own, adding some controversy to Durango's birth.

In September 1880, a railroad survey crew, financed by the Durango Trust and the Denver and Rio Grande Railroad, drove the first stake that would become Durango. Civil engineer Charles Perin surveyed the streets and lots, designating Main Avenue as a wholesale district, Second Avenue as the business district and Third Avenue as the residential district "with a mountain view."

The town grew fast from that fiery beginning. In his book, Rocky Mountain Boom Town, noted Colorado historian Duane Smith recounts that some 2,000 settlers poured into the area in response to newspaper advertisements that hailed Durango as the "Denver of the Southwest." By 1881, 20 saloons had mushroomed in the town proper, a red-light district was growing along its western edge and 134 businesses had opened their doors.

Many of those original buildings constructed by Durango's pioneers are still used today. They can be seen in the historic districts on Third Avenue and on Main, where a recent campaign by the business community has all but assured that the Victorian splendor of early Durango will be preserved for the future.

Rio Grande Land located at the far southern end of Main, contains the restored depot built in 1881. The Strater Hotel, built in 1887 as a reflection of the town's prosperity, remains a central attraction in downtown Durango. The Schneider Block, the Newman Building and other early Durango properties have recently been restored to their Victorian grandeur.

Third Avenue, or the "Boulevard" as it was called in Perin's day, recently was named by the Colorado Historical Society as a national historic district. Only two blocks east of downtown, the well-preserved neighborhood features several outstanding examples of residential Victorian architecture. Ernest Amy, manager of Durango's smelter, built the mansion that is now Durango's mortuary on 12th Street and Third Avenue. The street is also home to a number of churches, testimony to Durango's early Christian community.

Although the Christian community made a strong showing during Durango's early years, the feisty boom town also had its share of shoot-em-ups and show downs, bar fights and brawls.

In 1881, a hapless murderer was lynched by a mob, and a year later, George Wood "was jerked to Jesus" in Durango's only legal hanging. Two rival cattle gangs battled for supremacy in Durango's streets and the town had its share of wounded sheriffs.

The same year the railroad company completed its line into Durango, the town fathers designated the area between the railroad and the river as the town's red-light district. And no respectable woman would dare walk along the west side of Main Avenue between 9th and 10th Streets, where the area's saloons, gambling halls and theaters were located. One popular spot was the Central Hotel, then known as the Blum Building, Boxer Jack Dempsey fought a match in the basement there.

Prohibition restricted the activity of saloons in Durango, but that didn't last. Today's Durango has more than 60 drinking and eating establishments, though they are quite a bit tamer than their predecessors.

The Rio Grande Southern (frequently in and out of receivership) served Hesperus, Mancos, Dolores and went on north into Rico, Telluride, and Ridgeway. The two lines connected at the Durango station. Mayday and La Plata City, on the line just west of Durango, still have many buildings in use today that date back to those early mining boom days.

The train, which later was to become the Denver & Rio Grande Western, provided transportation to Silverton, Farmington, Ignacio, Santa Fe, Chama, and eventually Alamosa. Area farmers and ranchers used the train to ship produce to markets. And the lumber industry relied heavily on the railroad to transport the timber used to build the booming mine towns.

By the 1950's, however, the D&RGW had ceased all regular passenger service except on the Silverton line. Today the narrow gauge train, owned by Florida citrus millionaire, Charles Bradshaw, is one of the chief attractions in Durango, with more than 160,000 passengers booking passage yearly for the scenic route that follows the Animas River through rugged canyons and steep mountain valleys to the north.

Durango's importance as a business and political center has grown throughout the years as well. It is the county seat for La Plata County, home of the San Juan National Forest administration, and the location of Fort Lewis College, one of nine four-year liberal arts colleges in the state.

With a still-growing population of 13,000, Durango possesses a strong sense of its recent history, enhanced by the influx of millions of visitors from the world over.

Durango today is a growing cultural and educational center in the Four Corners area. Fort Lewis and its Center for Southwest Studies attracts scholars in Indian and southwestern history, and the Weminuche Wilderness, Purgatory Ski Area and Vallecito Lake -- all to the north of Durango -- attract hikers, skiers, fisherman, and hunters alike.

Today's Durango, though every bit as glad of its beautiful Rocky Mountain location as it was 100 years ago, isn't as out-of-the-way anymore. It's easily accessible by America West, Continental Express, United Express, and Mesa Airlines, plus ski charter flights in the winter or Greyhoud bus.

By car, Durango can be reached via U.S. Highway 550, which provides a route to Grand Junction (Colorado) to the north and Farmington (New Mexico) to the south. U.S. Highway 160 connects Durango to near Flagstaff (Arizona) to the west and near Pueblo (Colorado) via Interstate 25 to the east.

I also believe that it is important for you to understand the history behind DACRA, the Durango Area Chamber Resort Association.

The Durango area businesses were represented by several "private and public sector" organizations, including the Chamber of Commerce, Durango Tourism Board, and City Council, who collects Lodgers' Tax and operates the Office of Business Development. Each of these organizations were generally involved in increasing the economic well-being of the Durango area, and had over the last several years, worked toward combining forces to increase efficiency and effectiveness toward achievement of common goals.

During the fall of 1986, a new effort was initiated with the objective of building and operating a single area-wide umbrella organization, the first step being to merge the efforts of the Chamber of Commerce, Tourism Board, and portions of the Office of Business Development in the City of Durango. The overall advantages to consolidating into one organization are:

1. The stronger a Chamber/Resort Association is, the greater it's effectiveness in meeting the significant needs of the business community.

2. Separate organizations not only set their own priorities; they develop their own modus operandi and rhythm which make it very difficult to coordinate their resources.

3. Developing an effective marketing strategy for any community is difficult. In order to develop and sustain a sharply defined market "position" for prospective industries/clients, it is better to have one organization responsible for designing the strategy and managing the image that's presented to the national market.

4. The larger an organization's leadership pool, the more effective and influential it can be for a longer period of time.

In early 1987 the Durango Area Chamber/Resort Association (DACRA) was created by the consolidation of the Durango Chamber of Commerce, the Durango Tourism Board and functions of the Office of Business Development of the City of Durango. The following mission statement was developed, "To promote and maintain a favorable environment and quality of life for its business and professional members in the communtiy by defining, developing, and implementing programs and services that will expand job opportunities and add to the economic activity in the Durango/La Plata County Area."

I would now like to address some of the subcommittee's areas of concern.

Attached to this report is excerpts from Business Opportunities: Durango, Colorado produced by Bernard E. Anderson, PhD, Executive Director of the Office of Economic Development, School of Business, Fort Lewis College, Durango, Colorado. This attachment is available for your perusal. I think that it identifies some of the key points and clearly identifies that tourism is a key aspect of Durango's economy. Using Dr. Anderson's data, you can ask, "Why is tourism so important to Durango?"

As stated in Business Opportunities: Durango, Colorado produced by Bernard E. Anderson, PhD for the Durango Industrial Development Foundation and the Office of Economic Development, "It is no secret that, due to the area's stunning tourist attractions, the tourist sector prevails as the most important sector of the economy. Some 50% of retail sales are either made directly by the tourist or come from the spending of those employed by the tourist industry."

As also stated in Business Opportunities: Durango, Colorado, of the $346,444 million in Economic Activity in La Plata County, 50.7% or $175,750 million is from Retail Trade, (i.e. shops, food stores, apparel, etc.) 22.3% or $77,162 million is from the Service industry (fast food, gas stations, restaurants) and 17.89% or $61,978 million is from Wholesale Trade (food products, beer and wine, gas and oil, etc.). Or, looking at it in another way, 90.9% of the business activity has an extremely close tie with the tourism industry. The more new dollars brought in by tourism, the stronger each of these segments of our economy become.

The subcommittee asked for Durango's current and proposed marketing efforts to attract visitors. The attached memo was developed by Mike Dexter, Marketing Director of the Durango Area Chamber Resort Association.

I believe this memo also points out some of the programs that DACRA has participated in with the Colorado Tourism Board. The statement further explains how that participation has helped in our public relations efforts.

Additional tourism promotions that DACRA has participated in are:

Travel Industry Association of America International Pow-Wow
Foremost Huddle West International Trade Show
National Tour Association familiarization tours
Colorado Tourism Board familiarization tours
Rocky Mountain State European Trade Mission
Colorado State Trade Missions to London
United Airlines Sales Blitz to Japanese tour operators
State sponsored rural economic development task force
Host community to Rocky Mountain Marketplace
DACRA marketing with Lodger's Tax dollars
Co-op at travel industry/consumer show with area, regional, and state entities

I believe that the consolidation and formation of DACRA has indicated Durango's attempt to position and solidify Durango in the area of tourism promotion. I believe that the leadership of DACRA is very pleased with the working relationship that is established and growing between DACRA and state agencies that address tourism issues. Other than the efforts of the United States Travel and Tourism Administration abroad to promote the USA as a travel destination and the publication of a tourism development manual, Tourism, USA, I do not believe I or members of my staff are informed enough to estimate the adequacy of the federal government's cooperative effort in promoting tourism.

There are definitely areas in which the federal government could assist Southwest Colorado in its tourism efforts. Due to the isolation of this region one of the major areas of support the federal government could assist in is transportation issues. The Durango and La Plata County area are extremely pleased with the cooperation received in the expansion of our Airport Terminal. Efforts to maintain funding for rural airports are a must for a tourism area such as ours Another area of transportation that is extremely important to us is to maintain the funding for the federal highway system. Our major product, the visitor, is transported by that highway system. It is important that the maintaining of federal and state highways be provided so that not only can our summer visitors get here without driving through deteriorating roads, but that the roads are cleared of snow in the winter so that they can get to our ski area. Also for communities such as ours the UDAG Grants that are available to maintain our bus system, the Durango Lift, is extremely important.

The second general area in which the federal government is important to Southwest Colorado is in the support from the federal bureaucracies that are located in our region. I believe that it is extremely important that there be improved collateral material from the National Park Service and National Forest Service that delineate operating times, services available, and seasonal changes in the different areas. These federal agencies have a major effect upon our area such as having a ski area that operates on a permit from the Forest Service. The allocation of backpackers into the wilderness areas, the maintenance of hiking, mountain biking, and equestrian trails are important subjects to our area. Also in a community the size of Durango, the employees of these federal government agencies provide a very important resource. These employees should get involved in organizations such as DACRA. By doing so, they can help provide a volunteer base to help meet community needs.

In as far as DACRA's response to H.R. 2357, which calls for the establishment of a non-profit federally chartered "Tour USA Promotion Corporation", I believe that DACRA leadership does not have information on H.R. 2357 to comment. But, I also believe that as an organization that has recently gone through the process to consolidate its efforts in one organization, I would just warn congress that they should look very seriously at the idea of creating a separate or new organization. For some of the same reasons that DACRA was consolidated, I believe that congress needs to make sure that any new organization does not split the leadership base, the funding base, and the volunteer base away from existing organizations that are presently performing the same function. Because we have done it in Durango I think we are strong believers in consolidating economic development organizations under one umbrella so as to provide the biggest "bang for the buck".

Again, I'd like to thank you for the opportunity to address this subcommittee. If I, or members of my staff or members of the Durango Area Chamber Resort Association can be of assistance to you or any of your committees in the future please do not hesitate to contact us. Thank you.

TO: KENNETH G. BRENGLE, CEO

FROM: MICHAEL DEXTER

SUBJECT: 1987 DACRA MARKETING SUMMARY

DATE: 24-SEPTEMBER-87

MEMORANDUM

Throughout the past several years, tourism marketing has found its basis and justification in formal research performed in both the summer-fall and winter-spring periods. As a matter of continuity and sound business procedure, DACRA has maintained this established practice.

What proceeds from research is not a set of unfallible truths, but a dynamic system of current observations that demonstrate similarities, differences and directional indicators in comparison to accumulated data. By combining existing data with on-going research we hope to develop a marketing scheme that positions Durango favorably. Tourism indicators thus far this year tell us Durango has been successful in that endeavor.

The marketing plan information previously submitted details the who, what, where, when, why and how in two broad parts: summer and winter. In general our approach in paid advertising uses the following guidelines:

- Limited budget precludes most national advertising.
- Our efforts are focused on those target markets that demonstrate a solid track record.
- We lean toward reinforcing the drive market primarily; fly market secondarily.
- Regional travel-oriented publications that play heavily to our target markets are included in our media buy.
- Metro newspapers in our target markets are used for both short lead time promotions and awareness building campaigns.
- Electronic media is almost always approached on a partnership or trade basis rather than a straight across the board buy, in order to leverage and maximize DACRA advertising dollars.
- We are committed to exploring and testing cross-seasonal promotion with area marketing opportunities which focus on those visitors who are here.
- Most advertising features a coupon and DACRA's 800 # as the tracking device.

With respect to trade show and convention activities, DACRA co-ops and cost shares on virtually every project. Until such time as we operate our own Central Reservation System allowing us to actually book and sell business, we feel it is generally more advantageous to represent and market collectively under a larger umbrella rather than as a single entity.

We continue to search for "the right button" in the area of shoulder season promotional activity. For example, this year's efforts to support Colorfest were strengthened with the purchase of a full-color ½ page ad in American West Magazine. Additionally, we produced a :30 second Colorfest commercial for Albuquerque viewing using KOB's coverage of the New Mexico State Fair as a platform from which to broadcast our message. Our favorable relationship with an area agency allowed us to access this otherwise expensive media at approximately ½ the standard costs.

Relative to our on-going public relations, publicity and free editorial efforts, a series of events are in evidence that strongly suggests the benefits of developing a structured program in this area.

- Reconstruction of series of events traced to P.R. efforts:
    - ° Durango persistently courts CTB
    - ° Durango asked to man/organize CTB booth Pow Wow '86, Phoenix
    - ° Durango asked to man/organize CTB booth Foremost West 86, Sacramento
    - ° Durango asked to develop Japanese Fam Tour
        - * Japanese wholesale book '87 business
    - ° Travel writer referral from CTB
        - * Train story in Dallas Morning News - May 3, 1987
        - * Train story in Oregonian - May 31, 1987
        - * Train story in Everett, Washington Herald - June 14, 1987
    - ° Durango asked to be one of four cities featured at Taste of Colorado outdoor fair in Denver - Labor Day weekend
    - ° Two Durango businessmen appointed to CTB Advisory Council
    - ° Governor Romer asked Durango to join London Trade Mission
    - ° Durango representative asked to make presentations at U.S. Embassy
    - ° Governor Romer asked Durango to serve on E.D. Task Force
    - ° CTB asked Durango to man Pow Wow '87 booth - Atlanta
    - ° Governor Romer suggested KOA radio promotion for Durango
        - * KOA scheduled 7-hour remote broadcast for June 19
    - ° CTB orchestrated five minute Louis L'Amour/Durango segment on nationally broadcast Today Show, May 21
        - * Payout of equal advertising = $300,000
        - * P.R. multiplier of 5 = $1.5 million dollars worth of exposure
    - ° CTB asked Durango to make presentation to state visitor center employees
    - ° Durango asked to organize state fam tour for international tour operators.
    - ° Durango co-ordinated arrangements for Michael Carlton, Denver Post Travel Editor, June 10-11. Stories on Durango and the train that we know of:
        - * Miami Herald - 6/28

  - Mclean, Virginia Journal - 7/16
  - Oregonian - 8/23
  - Dallas Times Herald - 8/23
  - Las Vegas Journal - 8/30
  - Denver Post - 9/8
- Durango asked to serve on State regionalization project
- Durango asked to consult CTB technical assistance program
- Durango asked to consult an State Japanese marketing program
- Governor asked Durango to join second London Trade Mission, all expenses paid by CTB
- Editorial writer referral from Denver Convention/Visitors Bureau
  - Dallas Times Herald features Colorfest pictures and stories (3)
- Durango asked to man CTB Foremost Huddle West '87 - Los Angeles
  - Durango asked to develop regional fam tour for British, West Germans and Argentines
  - Durango books '88 summer Japanese group

The difference in Durango business this past summer is believed to be the direct result of our increased visibility in editorial positioning. We will continue to pursue opportunities as they arise.

CITY OF MONTROSE

Montrose Colorado

Good Morning, my name is **Erick Sowell.**
Director, Community Development Department
City of Montrose

Who are we ?

10,000 good people, living in the heart of the Uncompahgre Valley on the Western Slope of Colorado.

We work together for our mutual benefit. I am here today representing:

Montrose County Chamber of Commerce

City of Montrose, and

Montrose Visitors and Convention Bureau.

Funding for Tourism Activities:

Bed and Board tax of .008% on Restaurants and .009% on Motels in the City of Montrose. The Montrose Visitors and Convention Bureau is operated out of City Hall by Community Development staff and a part-time convention coordinator hired with MV&CB funds.

Purpose of Montrose Visitors & Convention Bureau

TO INCREASE VISITORS, TOURIST AND CONVENTIONS TO THE MONTROSE AREA.

Current Activities - Marketing to attract tourist

Our simple idea:

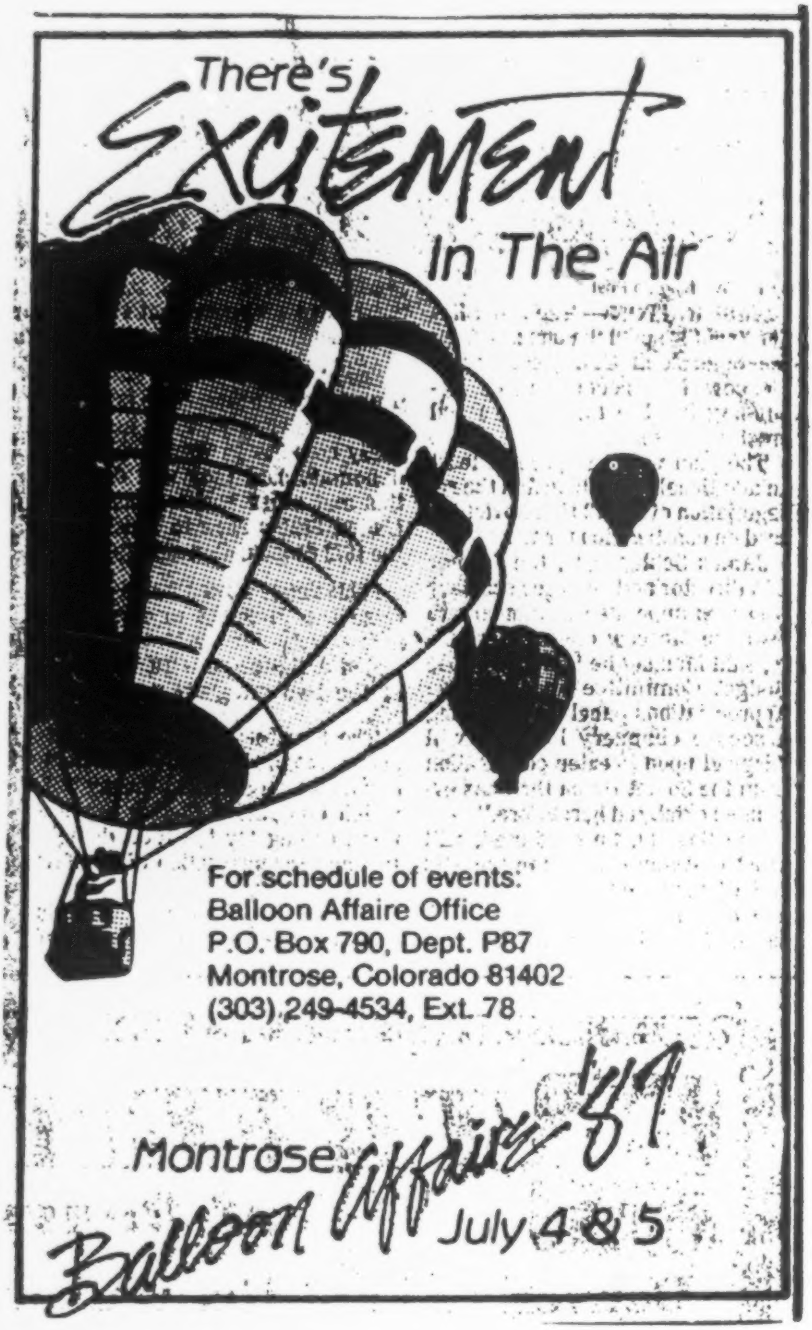
Spend MV&CB funds outside of Montrose to attract visitors to us. HOW!?

We found first we had to have an event before we could advertise so...

(1) Underwrite annual local community events and then advertise in the Denver Metro area, also some regional ads in Grand Junction, Delta, etc.

Example - 4th of July Balloon Affaire (show ad)

TELEPHONE 303-249-4534 • 433 SOUTH FIRST STREET • P.O. BOX 790 • MONTROSE, COLORADO 81402-0790



There's Excitement In The Air

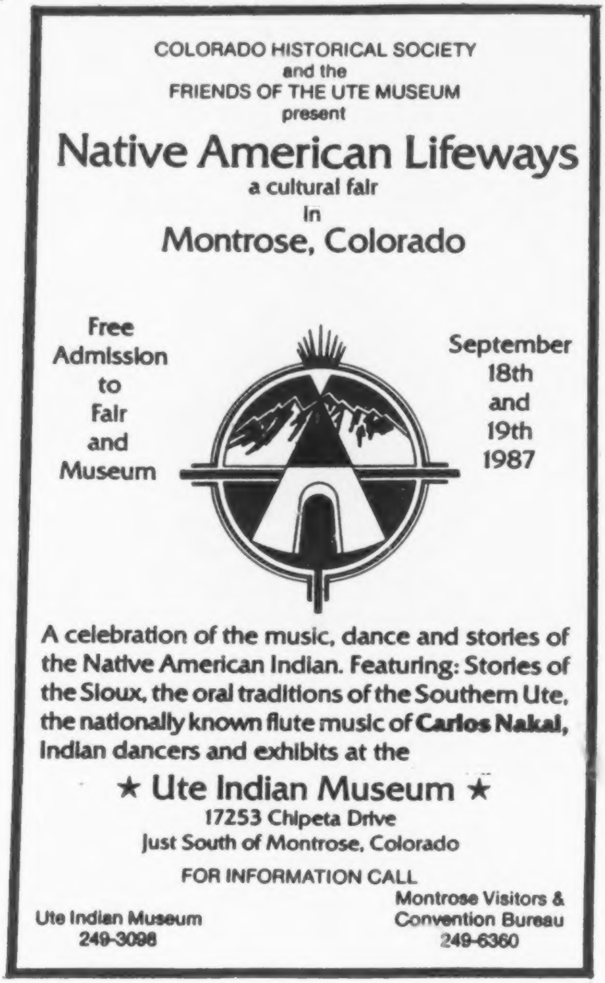
For schedule of events:
Balloon Affaire Office
P.O. Box 790, Dept. P87
Montrose, Colorado 81402
(303) 249-4534, Ext. 78

Montrose Balloon Affaire '87
July 4 & 5

Denver Post 6-30-87

(2) As requested. advertise other local events sponsored by local groups.

Example - Lifeway Indian Cultural event at Ute Museum (show ad)



COLORADO HISTORICAL SOCIETY
and the
FRIENDS OF THE UTE MUSEUM
present

Native American Lifeways

a cultural fair
in
Montrose, Colorado

Free
Admission
to
Fair
and
Museum

September
18th
and
19th
1987

A celebration of the music, dance and stories of the Native American Indian. Featuring: Stories of the Sioux, the oral traditions of the Southern Ute, the nationally known flute music of **Carlos Nakai,** Indian dancers and exhibits at the

★ Ute Indian Museum ★
17253 Chipeta Drive
Just South of Montrose, Colorado

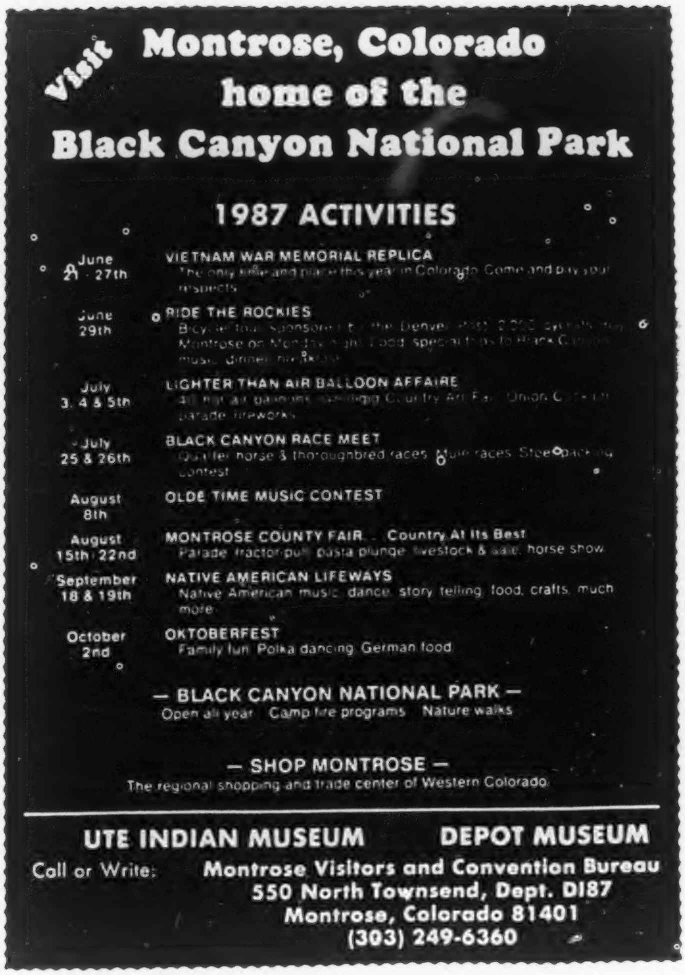
FOR INFORMATION CALL

Ute Indian Museum
249-3098

Montrose Visitors &
Convention Bureau
249-6360

(3) Advertise - Seasonal & Special Events.

Example - (A) Calendar of Events



Visit **Montrose, Colorado**
home of the
Black Canyon National Park

1987 ACTIVITIES

June 21 - 27th	**VIETNAM WAR MEMORIAL REPLICA** The only time and place this year in Colorado. Come and pay your respects.
June 29th	**RIDE THE ROCKIES** Bicycle tour sponsored by the Denver Post. 2,000 cyclists [illegible] Montrose on Monday night. Food, special trips to Black Canyon, music, dinner, breakfast.
July 3, 4 & 5th	**LIGHTER THAN AIR BALLOON AFFAIRE** 40 hot air balloons, [illegible] Country Art Fair, Union [illegible] parade, fireworks.
July 25 & 26th	**BLACK CANYON RACE MEET** Quarter horse & thoroughbred races. Mule races. Steer packing contest.
August 8th	**OLDE TIME MUSIC CONTEST**
August 15th - 22nd	**MONTROSE COUNTY FAIR . . . Country At Its Best** Parade, tractor pull, pasta plunge, livestock & sale, horse show.
September 18 & 19th	**NATIVE AMERICAN LIFEWAYS** Native American music, dance, story telling, food, crafts, much more.
October 2nd	**OKTOBERFEST** Family fun. Polka dancing. German food.

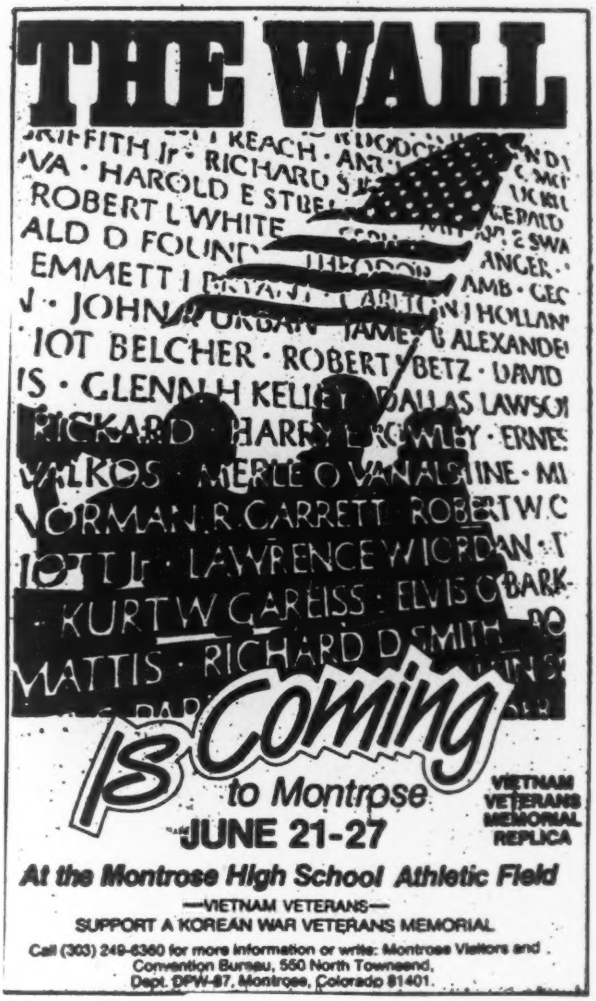
— BLACK CANYON NATIONAL PARK —
Open all year. Camp fire programs. Nature walks.

— SHOP MONTROSE —
The regional shopping and trade center of Western Colorado.

UTE INDIAN MUSEUM **DEPOT MUSEUM**

Call or Write: **Montrose Visitors and Convention Bureau**
550 North Townsend, Dept. DI87
Montrose, Colorado 81401
(303) 249-6360

(B) The Wall (show ad)



ROBERT L WHITE
EMMETT
JOHN
IOT BELCHER · ROBERT BETZ · DAVID
IS · GLENN H KELLEY · DALLAS LAWSON
RICKARD · HARRY
ORMAN R CARRETT · ROBERT W C
LAWRENCE
KURT W GAREISS · ELVIS C
MATTIS · RICHARD D SMITH
VIETNAM VETERANS MEMORIAL REPLICA

THE WALL

Is Coming to Montrose

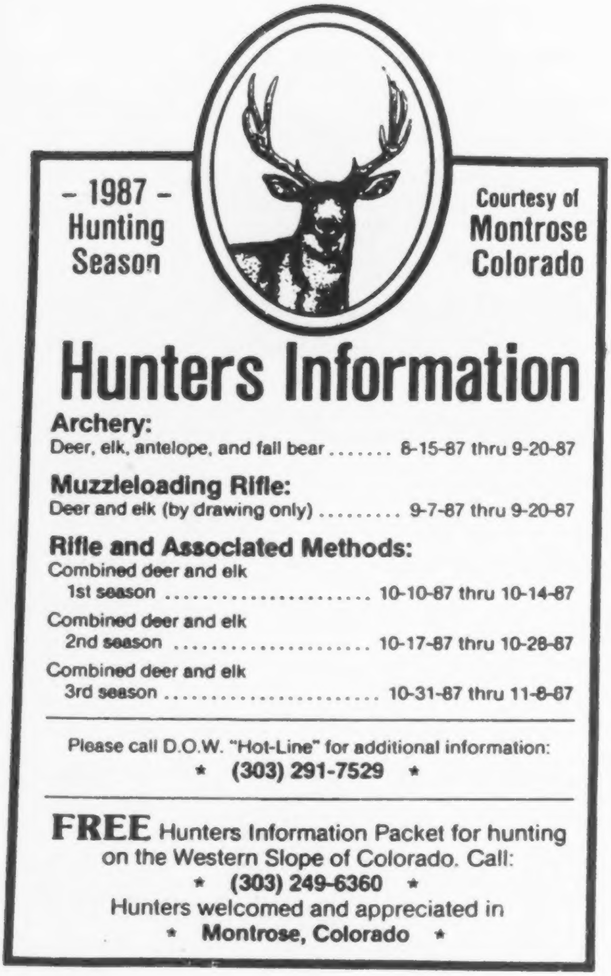
JUNE 21-27

At the Montrose High School Athletic Field

—VIETNAM VETERANS—
SUPPORT A KOREAN WAR VETERANS MEMORIAL

Call (303) 249-6360 for more information or write: Montrose Visitors and
Convention Bureau, 550 North Townsend,
Dept. DPW-87, Montrose, Colorado 81401.

(C) Hunting (show current ads in both papers)



- 1987 -
Hunting
Season

Courtesy of
Montrose
Colorado

Hunters Information

Archery:
Deer, elk, antelope, and fall bear .... 8-15-87 thru 9-20-87

Muzzleloading Rifle:
Deer and elk (by drawing only) .... 9-7-87 thru 9-20-87

Rifle and Associated Methods:
Combined deer and elk
1st season .... 10-10-87 thru 10-14-87
Combined deer and elk
2nd season .... 10-17-87 thru 10-28-87
Combined deer and elk
3rd season .... 10-31-87 thru 11-8-87

Please call D.O.W. "Hot-Line" for additional information:
* **(303) 291-7529** *

FREE Hunters Information Packet for hunting
on the Western Slope of Colorado. Call:
* **(303) 249-6360** *
Hunters welcomed and appreciated in
* **Montrose, Colorado** *

(4) Advertise Black Canyon National Park

  (A) Change Montrose from pass-through to destination.

  (B) Need National Park label.

  (C) 263,000 visitors this year.

  3.2 increase in Sept. down 1% YTD

  (D) Magazine ads (show)

  (E) Poster/picture.

(5) Other current activities:

Normal staff - Montrose Brochures

Black Canyon Brochure - MV&CB buys 40,000 a year.

Inside your packet. ----

AAA ad - cost $9,000.00

Posters, 2 kinds

Belt Buckles (pass out)

Member 4 Corners Tourism Board, to get us on their map.

(6) Convention Coordinator: available to the Community to assist with conventions.

Proposed Activities - Marketing to attract tourist.

Continue successful 1-6 above but expand in the following ways.

(1) Winter Ads - (A) "We are the HUB - stay in Montrose, ski in 4 - 5 different ski areas"

Run ads in Denver Metro area.

(B) Regional Ads - Western Slope -

"We are the regional trade center - swim in our new pool, over 30 fine restaurants, spend the night, shop downtown in our special shops and save money at K-Mart, Wal-Mart" - something like that.

(January - May, slowest time for Montrose)

(2) Colorado Division of Wildlife figures indicate that Hunting in Colorado is on the decline but fishing is increasing, along with other outdoor activities .... Therefore we are considering a fishing ad campaign for the area.

(3) Co-op Ads with Colorado Tourism Board (CTB). We are hoping to design a co-op campaign with CTB and other regional communities and perhaps a private air-carrier to attract visitors from Denver area to Western Slope area. Exposure!

(4) Continued efforts to have the Black Canyon become a National Park........

....The term National Monument makes folks think we have a statue somewhere they could look at.... Has any thought been given to changing the word MONUMENT to something more descriptive..... like, National scenic paradise or national most beautiful thing I've ever seen..... but monument doesn't do the job.

Participation in other Programs

(1) We are members of 4 Corners Tourism Council. They produce a map of the 4 Corners area and we joined so that Montrose and the Black Canyon are placed on the map. We distribute the map locally to encourage folks to stay on the Western Slope.

(2) Joined a telemarketing group in Wyo. but the results have been very poor.

(3) Hope to work with Colorado Tourism Board on co-op ads for this area.

Adequacy of Co-op Programs

For the most part we remain a small active community, with a small budget for tourism, compared to the States millions of dollars and to a great degree we are un-a-ware of co-op efforts that we could take part-in.

Due to our small budget, it has been our idea to let Colorado Tourism Board get the visitors to Denver and we will try to get that visitor to our part of Colorado. That's what we can afford! **Would we participate** in co-op efforts? Yes - MV&CB is willing to join good promotions that some how will benefit us - DIRECTLY - we see too much of the join us now and maybe the benefit will reach us later campaigns.

It is our belief that folks coming or wanting to come to Colorado are looking for the scenic beauty that we - rural Colorado - have to offer - not to visit another Big City.

A restaurant in Ouray, our neighbor to the south, has a sign up over their kitchen that reads - "Tourist treated same as home folks". That's the way we do things in our part of Colorado - once you visit you always come back -

We would welcome the opportunity to promote Montrose and the Black Canyon National Park nationally and internationally, we have staff and some funds that could be directed into those areas - if, we could see direct benefit.

Economic Impact of Tourism
Montrose, CO
Based on City sales tax figures for 1987 YTD.

(1) Restaurants and motel gross sales YTD **$7,487,634.40**

(2) Bed and Board tax of .009= **$67,388.71**

These funds are used for tourism development.

We expect to have 90,000 for the complete year.

(3) With a total gross sales volume of $61,000,000.00 YTD that results in tourism having a **12%** share, but

(4) Other retail operations are not broken out, i.e., gasoline, food stores, gift shops, book stores, art gallerys, etc., therefore the total impact is not really known.

(5) Impact of hunting has not been measured either in retail sales or employment. It has been and is included in motel & restaurant sales tax figures.

WE BELIEVE TOURISM IS GROWING IN IMPORTANCE,

(A) 3-6% increase over 1986

(B) 1987 figures are not complete until after hunting season.

List of Magazines - Advertising Black Canyon National Park and Montrose

- The Denver Magazine
  - Colorado Summer Guide

- Colorado, Wyoming, New Mexico
  - Vacation and Meeting Guide
  - United Express

- Four Corners Traveler
  - Ad and story
  - Local piggyback ads

PREPARED STATEMENTS

by

REPRESENTATIVES OF THE PUBLIC & PRIVATE SECTORS

of

STEAMBOAT SPRINGS, COLORADO

For Presentation To

THE U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON SMALL BUSINESS
SUBCOMMITTEE ON EXPORTS, TOURISM, AND SPECIAL PROBLEMS

Vail, Colorado

October 10, 1987

ORDER OF PRESENTATION
by
STEAMBOAT SPRINGS, COLORADO

INTRODUCTIONS .... Harvey M. Rose, City Manager

VIDEO OVERVIEW .... Ski T.V. Productions
and City Economic Development Department

ONE COMMUNITY'S EXPERIENCE ..... Rita F. Tolson, Councilperson
Peter D. Wither, Councilperson

WINTER TOURISM MARKETING .... Hans Geier, President
Steamboat Ski Corporation
Colorado Ski Country, U.S.A.

INTERNATIONAL TOURISM MARKETING ... Judy Walden, Vice-President
Escalante International, Inc.

SUMMER TOURISM MARKETING ..... Bob Hammons, Executive Director
Steamboat Springs Chamber Resort Association

PUBLIC/PRIVATE SECTOR COOPERATION IN TOURISM MARKETING ONE CITY'S EXPERIENCE: STEAMBOAT SPRINGS, COLORADO

PREPARED STATEMENT
of
HARVEY M. ROSE, CITY MANAGER
RITA F. TOLSON, CITY COUNCILPERSON
PETER [illegible] WITHER, CITY COUNCILPERSON

to
THE U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON SMALL BUSINESS
SUBCOMMITTEE ON EXPORTS, TOURISM, AND SPECIAL PROBLEMS
Vail, Colorado
October 10, 1987

Honorable Chairman and Members of this Subcommittee, it is indeed an honor to welcome you this morning to Colorado's Western Slope and to thank you for this opportunity to share our experience with you. We wish also on this occasion to invite you to join us this winter for your National Tourism Caucus in Steamboat Springs--home of the world's finest "champagne powder" skiing and most hospitable resort environment. At this point we would also like to recognize the conscientious and productive efforts of our freshman congressman, Ben Nighthorse Campbell, in behalf of tourism for Western Colorado, for Northwest Colorado, and for Steamboat Springs. We particularly appreciate his attentiveness to the efforts we have made to "bootstrap" our local economy through public and private sector cooperation in tourism marketing--the reason we appear before you today.

Steamboat Springs is a creative, energetic community which has anticipated Governor Romer's admonition to revitalize Colorado's rural economies when he said, "We're not going to deliver the good life from the top down. It's going to come from the bottom up...you've got to push your own wagon." Steamboat Springs is located in the northwest corner of the state, 165 miles from Denver and 90 miles from the Interstate 70 corridor. This geographic positioning and physical distance from the state's other destination resorts encourages us to be self-reliant and currently dictates many of our economic development and tourism marketing strategies. It is our style to "push our own wagon".

Historically, Steamboat Springs and Routt County have enjoyed the benefits of a uniquely diversified economy based on a healthy mix of agriculture, mining, and recreation--in 1979 the economic pie was split equally into thirds. In the economy of the 1980s, this balance shifted to its current level where fewer than 10% of our population is engaged in agriculture and mining and the county unemployment rate reached 15% in May 1987. Fortunately for us, the timely development of the alpine ski industry mitigated many of the disruptive economic and social repercussions of the recent recession which haunt much of the western United States. Thanks to the aggressive and innovative marketing efforts of the Steamboat Ski Corporation the Steamboat Ski Area consistently ranks in the top four areas in the state in spite of our geographic isolation. We continue to record annual increases in tourists and sales tax revenue, but we recognize the problems inherent in reliance on a single, seasonal industry.

In response to this recognition, the public and private sectors of the community are evolving mutually beneficial and effective strategies, which recognize the best initial use of this area's resources is to strive toward year-round use of the multimillion dollar recreation/tourism infrastructure and service industry which are already in place as a result of both public and private investment. This strategy is considered particularly timely with the completion of the Yampa Valley Regional Airport. We have developed mechanisms to enhance our tourism marketing in three arenas: winter, summer, and international. These strategies are outlined below and in the testimony presented today.

LOCAL PUBLIC/PRIVATE SECTOR COOPERATION:

Steamboat Ski Corporation

- continues investment in capital facilities and cultivation of service industry which perpetuate Steamboat Ski Area's image of the friendliest, best-maintained ski area in the country. Capital investment for the years 1979-1987 is $36.6 Million, or an average of $4.58 Million per year.

- continues investment in innovative winter tourism marketing efforts, including "Kids Ski Free", a program which is recognized as among the most innovative in the industry and which has been replicated across the country. For the 1987-88 winter season, the marketing budget was $2.35 Million, five per cent or $115,000 of which was earmarked for international promotion.

- In 1986 a partnership of the Steamboat Ski Corporation and county and state governments expended $2.5 Million (40%/40%/20%) to expand the Yampa Valley Regional Airport to accomodate direct jet flights from major metropolitan areas making the Steamboat Ski Area the most accessible of all major destination winter resorts for both domestic and international visitors; in its first winter of operation the jetport received 33 direct flights per week from Dallas, Chicago, Los Angeles, and San Francisco on American Airlines and from Minneapolis on Northwest Airlines. The ski corporation's contribution of $900,000 matched Routt

County cash and in-kind contributions; the State of Colorado contributed $500,000 from Energy Impact Funds for the ILS; the City of Steamboat contributed $40,000 for the ILS. The airport expansion was completed in less than one year and statewide is considered a model of public/private sector efficiency and cooperation.

- supports local commitment to study feasibility of international tourism marketing

- supports international marketing programs of United States Travel and Tourism Administration (USTTA)

- hosted a "ski mountain" in London as part of a market-Colorado effort in conjunction with the Denver Broncos game.

Winter sales tax revenue has increased by 20% over the past four years to generate over three million dollars for the 1986-87 winter season.

Steamboat Springs Chamber Resort Association

- worked with City Council hammered out a mechanism committing the business community to a voluntary contribution of the vendor's fee of 3.3% of the city's 4% sales tax collected. This contribution amounted to $150,000 in 1987 and was combined with the City Council's contribution of $175,000 from city sales tax revenue in order to fund the Chamber's highly successful summer tourism marketing program. $325,000 was allocated in 1987 and providing funding for:

- development and distribution of summer brochures for every interstate highway in the state

- full-time operation of two information centers

- exhibitions at trade shows and consumer travel and vacation shows

- advertising in several regional travel magazines

- television and radio advertising in the Colorado Front Range

- seasonal purchase of a billboard on Interstate 70 in the Denver/Metropolitan Area

- conference marketing coordinator and special events promotion

- direct marketing campaign

Summer sales tax revenue has increased by 10% in the past four summers to almost one million dollars in 1986.

City of Steamboat Springs
The City of Steamboat Springs provides all appropriate infrastructure and services for its permanent population of 6300 people and for the resort population which reaches 20,000 people per day during the peak winter season. City Council in 1986 committed to a single goal: enthusiastic and aggressive economic development and diversification in order to improve the quality of life for all area residents. To reach that goal, the City:

- provides an annual contribution to the Chamber summer marketing program; $175,000 in 1987

- approved a $10.6 Million dollar Five-Year Capital Improvement plan in order to achieve economic diversification and expansion of tourism amenities

- entered into an agreement with the State of Colorado, University of Colorado, and Mountain Bell Foundation through the Colorado Initiatives Program to study and begin implementation of an international tourism marketing program. Contract provides $4,000 cash and approximately $20,00 in technical assistance to the local project.

- entered into a $15,000 contract with Escalante International, a Denver-based corporation specializing in international inbound travel for representation of Steamboat Springs tourism products in Japan, Taiwan, and Hong Kong, and for providing cross-cultural training to travel service providers in Steamboat Springs

- prepares for accomodating international tourists by developing a foreign language bank, universal signage system, foreign currency exchange, hospitality workshops, and printing tourist information in Spanish, French, and Japanese. Mountain Bell Foundation may provide up to $20,000 for implementation of international tourism specific projects.

- is establishing Sister City relationships with resort cities in Europe and Asia

- joined with Colorado Ski Country U.S.A. and Colorado Association of Ski Towns (C.A.S.T.) to host the first annual Summer Legislative Tour with an emphasis on international tourism and resource marketing and educating legislators on problems unique to destination resort communities where capital and service infrastructures must meet peak season demand but remain underutilized for the balance of the year

- hired its first economic development manager who recently was the keynote speaker on international tourism at the Fukushima International Seminar in Japan

- seeks and accomodates visits by multinational individuals and delegations representing public and private interests

- operates and maintains public transit system which requires local subsidy in excess of $100,000 per year in order to serve peak season capacity. Value of transit facility and rolling stock, which were purchased with federal funds and city match, exceeds $4.5 Million.

LOCAL/STATE GOVERNMENT PARTNERSHIP:

Colorado Department of Local Affairs directly and indirectly supports our domestic and international tourism marketing efforts.

- The Colorado Initiatives Program is a community economic development program which chose to support Steamboat's international tourism marketing project as part of its 1987 program. Colorado Initiatives is a public/private partnership between the State of Colorado, the University of Colorado, and Mountain Bell Foundation, which provides generous technical assistance and exposure to our effort to acquire expertise to successfully enter the international marketplace with our resources and to prepare the community to accomodate multinational guests.

- The Energy Impact Fund, derived from mineral severance taxes, has provided a match to local funds to generate public works, public safety, parks, and economic development infrastructure which have been relevant to both the energy and tourism industries in Steamboat Springs, including substantial participation in expanding the Yampa Valley Regional Jetport.

- The Colorado Highway Department administers both highway and transportation funds which effect safety and quality of experience for our permanent and tourist populations.

- The Colorado Tourism Board and Governor Roy Romer have been supportive of our domestic and international marketing efforts.

LOCAL/FEDERAL GOVERNMENT PARTNERSHIP:

United States Travel and Tourism Administration (USTTA) has been supportive of our initial contacts with them regarding domestic and international marketing efforts.

- Offices in both London and Japan were responsive to our needs in developing marketing projects in both of those countries by providing quick access to directors, staff, and information, and by displaying our product.

- Assistant Secretary Richard Seely has served as a valuable and accessible source of information from the Washington office.

Urban Mass Transit Administration (UMTA) has provided substantial contribution, approximately $4 Million, with local match for capital investment in facility and rolling stock for Steamboat Springs Transit System, the city-owned public transportation system.

Environmental Protection Agency (EPA) has provided substantial contribution, approximately $5 Million, with local match for capital wastewater treatment facilities which serve both our domestic and tourist populations.

Revenue Sharing funds made possible the purchase of heavy equipment, both in Public Works and Public Safety, which serve both our domestic and tourist populations.

COMMENT ON H.B. 2357 A BILL To replace the Travel and Tourism Advisory Board with a private, nonprofit corporation in order to better coordinate and implement national efforts to encourage foreigners to visit, and United States residents to travel throughout the United States and for other purposes.

- We have had first-hand experience with the value of coordinating local, state, and federal efforts and mechanisms to enhance both domestic and international tourism marketing efforts.

- We recognize the U.S. has become an appealing destination for international tourists as the value of the dollar declines in the world market but the decline makes international marketing more expensive for both public and private sectors.

- Our local effort will need both state and federal support in order to be effective in the international marketplace.

PREPARED STATEMENT
OF
HANS GEIER
PRESIDENT, STEAMBOAT SKI CORPORATION
CHAIRMAN, COLORADO SKI COUNTRY U.S.A.
to
THE U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON SMALL BUSINESS
SUBCOMMITTEE ON EXPORTS, TOURISM, AND SPECIAL PROBLEMS
October 10, 1987

The Steamboat Ski Corporation and the ski industry welcome the chance to testify before the Subcommittee on Tourism in support of the United States Travel and Tourism Administration and specifically in support of the funding for the Tour USA Promotion.

Before I begin I would like to thank our Congressman, Ben Nighthorse Campbell, for his hard work since he was elected to Congress last year. All of us in the ski business have been impressed by his effectiveness and involvement in the tourism and ski industry and his abillity to get funding for both the Stagecoach Reservoir near Steamboat and the Animas LaPlata water project passed by the House. Also important to our industry is his introduction of legislation which creates a National Ski Day, January 8, which we urge everyone in Congress to support.

With the decline of mining and agriculture in Colorado, skiing has become even more essential to the state's economy, and particularly where I live and work. In Routt County alone, approximately 65% of the economic activity and over 4000 jobs are created by winter tourism. The Steamboat Ski Area alone provides as many as 1000 jobs in the wintertime to serve our 900,000 skiers, with a payroll of $6.5 million. We generally buy U.S. products except when technology is behind and we pay about $700,000 a year in property tax. Winter tourism contributes between $100 and 110 million of the total $190 million economic activity generated in the county.

The ski industry and ski towns have consistently supported the international marketing programs of the United States Travel and Tourism Administration. Ski areas are anxious to develop their overseas clientele, but international marketing is cost prohibitive for most of these small businesses to do alone which is why we support USTTA and the creation of Tour USA.

Because Steamboat realizes great potential in the overseas market, we have done a significant amount of international promotion on our own. Our marketing budget is $2.3 million and last year we spent 5% of our marketing budget on international promotion which brought in 3000 additional skier days. It is apparent to us that great opportunities exist to break into the tourism market in Japan and Australia, and of course Canada, our neighbor to the north. Any unified cooperative effort that the government makes with the private sector in marketing and the United States tourism abroad is a step in the right direction and, in our view, will guarantee a significant return on the financial investment.

In August, the town of Steamboat arranged for the ski industry, with the corporate support of Anheiser Busch, to join Governor Romer in London to promote skiing through the building of a skiable mountain in downtown London. We expect that this new enthusiasm for U.S. skiing in London will generate more English skiers in Colorado this winter.

Public /private sector cooperation has worked extremely well for us in many ways. At Steamboat much of our skiable terrain is located on public land and our lease fee for use of this land exceeded $500,000 last year. Our cooperative effort with the Forest Service over the years has made Steamboat the world class resort it is. Last year the Steamboat Ski Area, with Routt County and the State of Colorado, teamed up to build an airport. This new airport was funded 40% by the county, 40% by the ski corporation and 20% through state energy impact funds. The new airport created 78 new jobs last year and employment will rise to over 100 this year. The airport also created 12 new businesses last year and expects to land over 450 jets this year. For the first time Steamboat landed 3 international flights from Canada, all due to the joint effort of a private, city, county and state partnership. Joint partnerships can and will work when there is a will to make it work.

This is only a brief overview I have presented. I will be happy to answer any questions about our programs or our support of the Tour USA Promotion that you have. I would again like to thank you for the opportunity to testify in support of the HR 2357 and give Congressman Campbell special thanks for everything he has done for us in Washington and for bringing his colleagues to Colorado.

PREPARED STATEMENT
OF
JUDY WALDEN
ESCALANTE INTERNATIONAL, INC.
to
THE U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON SMALL BUSINESS
SUBCOMMITTEE ON EXPORTS, TOURISM, AND SPECIAL PROBLEMS

October 10, 1987

Mister Chairman and Members of the Subcommittee, it is an honor to have the opportunity to speak before you today.
The City of Steamboat Springs has contracted with Escalante International, a Denver-based corporation specializing in international inbound travel, for representation of Steamboat Springs tourism products (air and ground transportation, lodging and meals, activities, and retail products) in Japan, Taiwan, and Hong Kong; and for providing cross-cultural training to travel service providers in Steamboat Springs.

I recently served as a member of a four-person panel of experts brought to Steamboat Springs by the Colorado Initiatives Program to examine the community dynamics involved in entering into the international tourism market place.

Resource team members visited with community leaders--public officials, private business people directly involved in the tourism industry, and community members with an expressed interest in matters international. Interviews focused on defining the image of Steamboat Springs as a travel destination, and on identifying opportunities and barriers that exist within the community as a first step in tapping targeted segments of the international market.

The team found no major barriers. They did find, however, some general concern that existing travel products may have to be altered to accommodate the foreign guest, and that a huge influx of foreign visitors may alter the nature of this town. From townspeople, there was expressed a deep and widespread pride in the history of the region (agriculture and mining preceded tourism), and a determination to maintain a highly valued lifestyle. From business people involved in the travel business, two concerns emerged: first, the sizeable financial investment required to develop the market; second, an acknowledgement that these foreign markets usually do not respond quickly to new destinations. The private sector repeatedly questioned whether it may not be more cost efficient to invest in untapped domestic markets, and whether it may be appropriate for the public sector, both state and local, to fund and develop initial stages of market entry.

Opportunities for the community were perceived as two-fold. First, there exists a good general understanding of the enormous size and economic potentials of tapping lucrative international markets. More than 23 million international visitors may come to the U.S. this year, an increase of 5% over 1986, due to an expected boom in traffic from Europe and Japan, according to predictions by the U.S. Travel and Tourism Administration. A market-by-market breakdown shows that in 1987, USTTA expects a booming year in travel from Europe -- a 14% increase overall, with more than 4.2 million visitors -- and from Japan, which is expected to send more than 1.9 million visitors, an increase of 17%. Second, some community members perceive that cultivating international tourism may be an ongoing way to enrich the cultural life of a community which is located 175 miles from the population center of the Rocky Mountain region. A third opportunity exists in the area of image projection -- creating the rare opportunity for a foreign visitor with limited time to experience a new luxury resort directly adjacent to an authentic and historic Western town.

Steamboat.

PREPARED STATEMENT
OF
BOB HAMMONS
EXECUTIVE VICE PRESIDENT
STEAMBOAT SPRINGS CHAMBER RESORT ASSOCIATION, INC.

TO

THE U.S. HOUSE OF REPRESENTATIVES
SMALL BUSINESS COMMITTEE'S SUB-COMMITTEE
ON EXPORTS, TOURISM AND SPECIAL PROBLEMS
VAIL COLORADO, OCTOBER 10, 1987.

For all of recorded history, Steamboat Springs and the Yampa Valley has been a summer recreational area. Long before the white settlers came to this wide, lush, green valley, the Ute Indian nation used it for their summer playground due to the abundance of food, wild life and the hundreds of natural hot springs which the Indians considered to have medicinal value. Ironically, for most of our history, the summer season is when the valley came to life -- winter was just tolerated. In those days, while summer thrived economically, up until the early 1960's, the hotels and motels in the community closed during the winter season only to reopen again for summer recreation.

Commencing in the early 1900's, the hearty residents of this valley created winter recreational opportunities, and for decades, enjoyed cross-country skiing and ski jumping from the nearby hills in town. In the early 1960's, the development of what is now Mt Werner commenced. With the growth of this ski area into a world class

STEAMBOAT SPRINGS CHAMBER RESORT ASSOCIATION
Box 774408 • Steamboat Springs, CO 80477 • (303) 879-0880 • Reservations/Group Sales (303) 879-0740

resort, the economic seasonality of the entire community switched. Where traditionally the hotels and motels were open during the summer and closed in winter, now they not only stay open in the winter but it is during this season that they realize most of their income.

The ski industry created a whole new economic component for Steamboat Springs and Routt County. Measured in terms of employment and income, the ski industry represents approximately 45% of all economic activity and is estimated to generate nearly 66% city sales tax revenues.

Outdoor recreation is now and has always been, an important part of this community. However, for decades tourism ranked third in a total economic base composed of agriculture and mining. Reflecting the influence of our national economy the agriculture and mining industries are in a declining mode, and now what used to be called "recreation" has developed into tourism, and tourism has become the dominant industry in this community.

As the nation's economy changed the local economy began to soften, and the business community sought alternatives to improve economic conditions. For the past 25 years, the Steamboat Ski Area has experienced tremendous growth and represents a strong stable industry nurturing excellent business opportunities during the winter months. While seeking an avenue of growth to complement the Ski Industry, it was soon recognized that enhancing summer tourism probably created the best single opportunity. The business community was accustomed to tourists; existing façilities could accommodate increased summer activity; and the entire tourism infrastructure of the community was in place. Negligible marginal costs would be necessary to accommodate increased summer business.

It was from this evaluation that the business community decided to actively pursue the enhancement of summer tourism. Naturally, the key ingredient necessary was a funding mechanism to support increased marketing activity. The Chamber Resort Association, working on behalf of the entire business community, initiated an effort to create an aggressive summer marketing effort, to develop a broad effective marketing plan, and to identify a funding mechanism to support the program.

The Steamboat Ski Corporation, while having a strong marketing orientation, would not receive direct benefits from marketing summer except for area identification, therefore, they did little to no marketing for summer. There was generally minimal marketing from the lodging industry and the Chamber Resort Association, through annual fund raising efforts, conducted only a minor marketing campaign. These campaigns were dependent upon annual fund-raising efforts such as telethon auctions and business donations. These traditional efforts raised only $20,000 - $30,000 a year and permitted only a minor effort such as brochure production and a marginal Colorado Front Range radio advertising campaign. The Chamber Board of Directors decided to seize on the recognized opportunity that increased summer activity presented. Accordingly, they established a sub-committee which developed a broad-based aggressive marketing plan, and concurrently, from their own resources, contracted for marketing research in anticipation of

Steamboat.

STEAMBOAT SPPRINGS, COLORADO
OVERVIEW

PREPARED STATEMENT
OF
BOB HAMMONS
EXECUTIVE VICE PRESIDENT
STEAMBOAT SPRINGS CHAMBER RESORT ASSOCIATION, INC,

TO

THE U.S. HOUSE OF REPRESENTATIVES
SMALL BUSINESS COMMITTEE'S SUB-COMMITTEE
ON EXPORTS, TOURISM AND SPECIAL PROBLEMS
VAIL COLORADO, OCTOBER 10, 1987.

In 1987, Steamboat Springs presents itself as a four-season world class resort, capable of accommodating 20,000 people at any one time. This little town of approximately 6,000 resident population had a typical humble "old west" beginning.

The first to roam the area were the indians and fur trappers, then came the gold miners, but the real roots came in the 1870's with the pioneers who settled in the valley and began farming and ranching. Agriculture became the dominant mainstay of the economy for the next two generations.

Growth and industrialization of the nation and the state brought the need for energy. This lead to a huge industry extracting the significant coal deposits in contained in Routt County. Soon the area in and around Steamboat Springs was producing more coal than in any other region in the State, and Steamboat Springs had a dual economy.

newspapers and trade exhibits on a state, regional and national level to create identification and attract summer business.

To successfully market tourism it takes energy and financial support. Both must start from within. The term economic development is the new buzz word on everyone's lips. Unfortunately, as traditional industries falter, i.e., energy, communities view tourism as a source of economic development. As an example, in many parts of the State before the coal, oil and gas industry began to decline the communities fortunate enough to have these resources could care less about tourism. Now with their dominant industry declining, these communities all want to create tourism therefore creating an environment where everyone is competing for a piece of the same pie, and the impact of the normal resources used to promote tourism consequently becomes diluted. Steamboat Springs has been in the tourism business for decades and has had tourism as a major component in its economic base for over 25 years.

There is no question, more financial support of tourism is necessary to broaden and expand the industry nationally and internationally. On a local basis, Steamboat Springs presents a solid example of a successful government/business partnership. Government, even at the national level, should provide support to those who have a marketable product and who are also willing to make an investment in themselves. A properly functioning organization facilitating tourism support from joint private sector/government sector funding, could have a significant impact on this country's place in the world tourism industry. It must, however, promote those places which can deliver a quality product and who are willing to participate financially.

ATTACHMENT A-1

TEXT OF VIDEO
Prepared by
CITY OF STEAMBOAT SPRINGS and SKI T.V. PRODUCTIONS
for
THE U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON SMALL BUSINESS
SUBCOMMITTEE ON EXPORTS, TOURISM, AND SPECIAL PROBLEMS
October 10, 1987

Steamboat Springs is a community rich in tradition and history. Long before Steamboat Springs became famous as the world class resort it is today, ranching and farming was the principal industry, followed closely by mining, and then energy resources. Skiing became a part of Steamboat's history only after the turn of the century.

We are now solidly on the move as Ski Town U.S.A. In the 1980's, Steamboat Springs emerged as a true destination resort, and in 1987, Steamboat Springs enjoyed its greatest winter ever with a record 898,024 skier days. "Champagne" powder skiing sets our winter apart form other areas, serving up some of the deepest, fluffiest excitement you've ever skied.

It isn't only in winter when Steamboat Springs receives top billing. The lush Yampa River Valley has a list of amenities that matches any summer vacationland:

> River rafting is offered by several guides and river companies. It can be as wet and wild as you want.

Mornings are a time for serious fishing in the Yampa valley. And anglers stalk trout in dozens of lakes, rivers and streams.

Biking is a spirited affair in Steamboat Springs. But Steamboat is also hot air balloons. Every summer we feature a Hot Air Balloon Rodeo.

And speaking of rodeos, we have the West's most successful weekly rodeo, with the top cowboys competing for prize money all summer long.

We have a Robert Trent Jones designed 18-hole golf course set in the mountains to provide challenge and breathtaking scenery.

And we also have some of Colorado's most spectacular summer events:

-The Steamboat Vintage Auto Race on Labor Day Weekend, when some 8,000 race enthusiasts come to town.

-Motorcycles also take center stage in September with the Mountain Motorcycle Road Race.

-4th of July marks the Cowboy Round-Up rodeo, the Triple Crown softball tournament and a summer fireworks display topping off the activities.

We know we have a wonderful product to promote and the community gets together to make it happen:

Recently the City of Steamboat Springs was awarded a grant by the State of Colorado to create a pilot or demonstration project to attract international visitors to Steamboat Springs. As a community, both the public and private sectors are working together to make Steamboat a true international destination.

A new jet airport was constructed, and American Airlines brings 33 jet non-stop flights per week from Dallas, Chicago, Los Angeles, and San Francisco. Northwest Airlines serves Steamboat Springs from Minneapolis as well.

Continental Express adds 8 daily flights from Denver, only 45 minutes away with connections world-wide. Continental Airlines added a non-stop Denver/London Service so Steamboat Ski Corporation transported the Rocky Mountains to Battersea Park to kick-off "Steamboat Skis London." Governor Roy Romer skied down a mountain of snow in August in London, and it all gained international publicity through newspapers, radio, and television.

The City is preparing itself for foreign tourists by using a foreign language bank, universal signage, hospitality workshops, foreign currency exchange, and printing tourist information in Spanish, French, and Japanese. The Mountain Bell Foundation joins the City of Steamboat Springs as a partner in these steps.

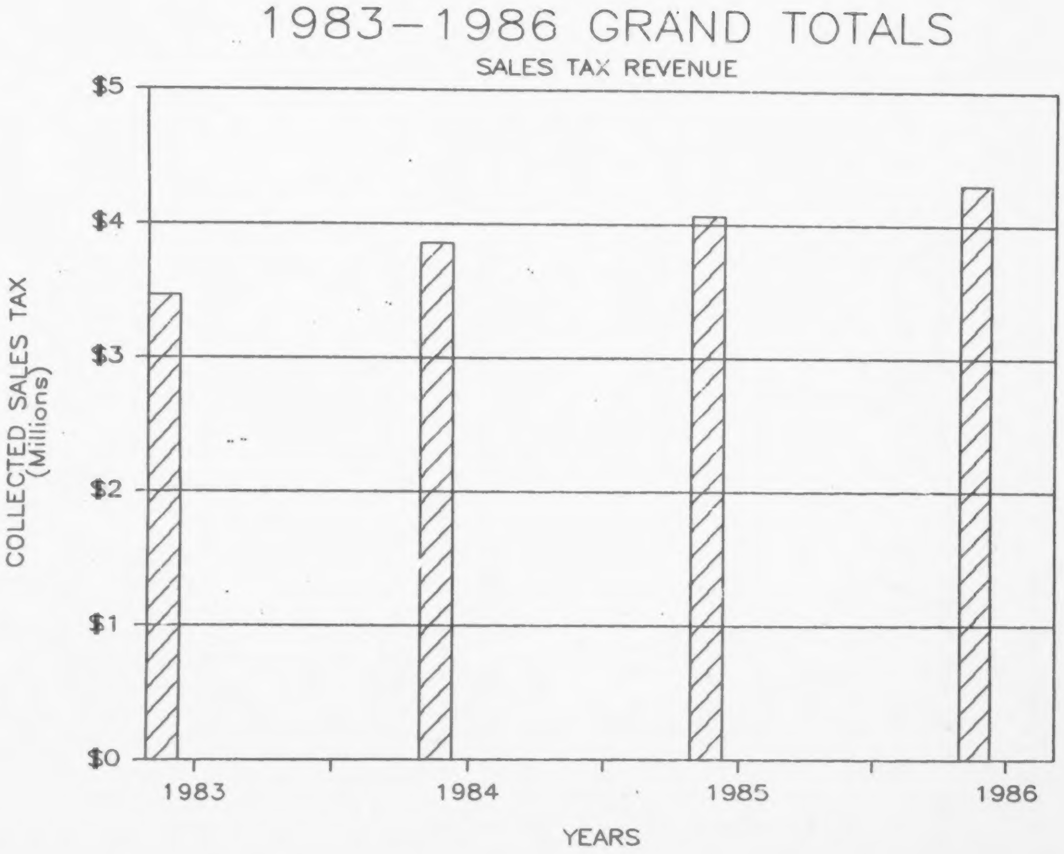
We are also identifying international communities as Sister Cities to Steamboat Springs. Already contacts have been established in Canada, Japan, and Switzerland.

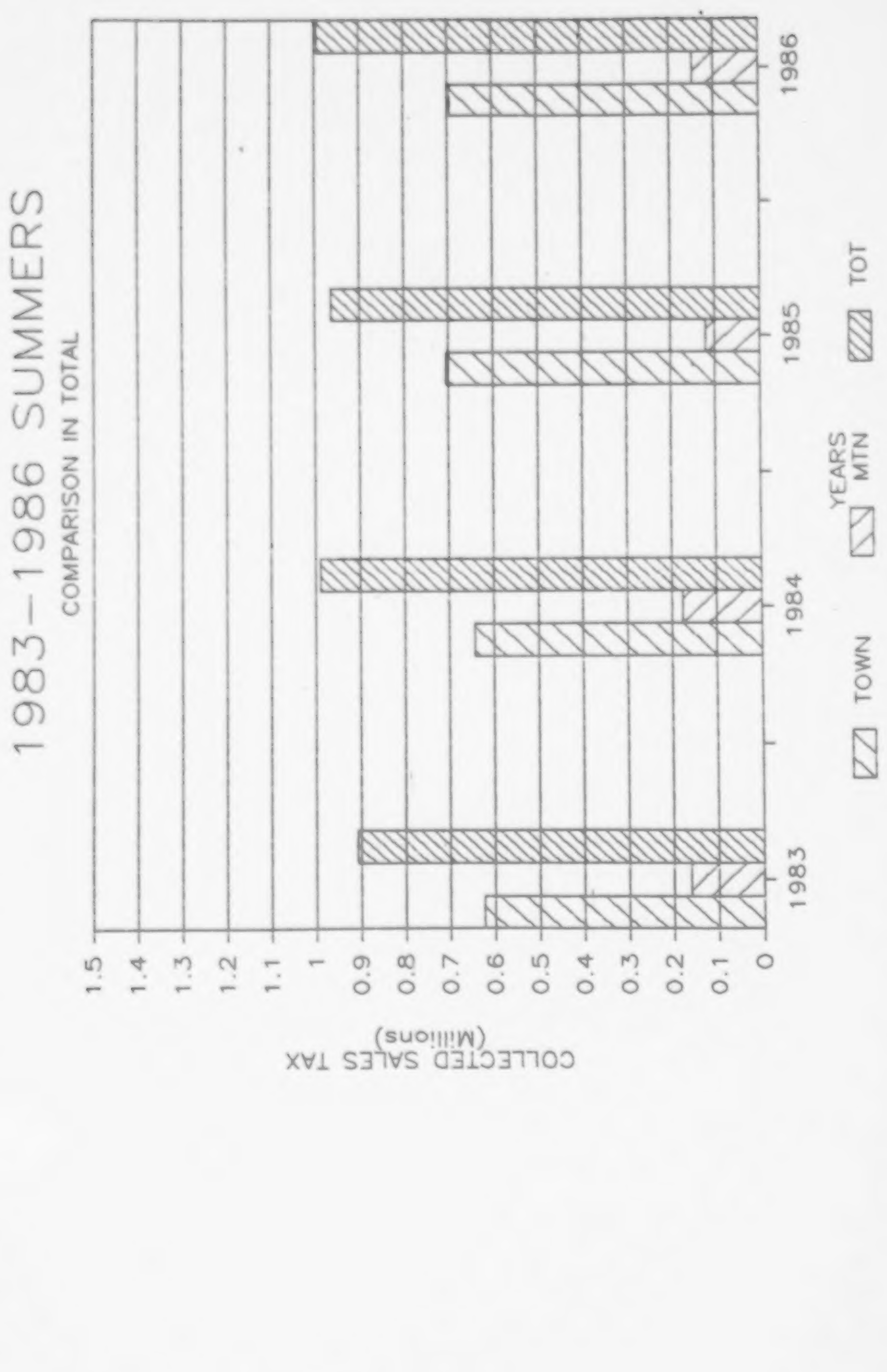
We are working closely with the United States Travel and Tourism Administration. Its offices in Tokyo and London currently stock our travel literature. Recently our Economic Development Manager, Michael Daly, was the keynote speaker at the Fukushima International Seminar in Japan which studied International Tourism.

Steamboat Springs is truly a major destination resort. We have 10,000 beds and the finest hotel and condominium accommodations anywhere. Reservations are easy through a central reservations network maintained by the Steamboat Chamber Resort Association.

A community working together as a team to provide the visitor a first class vacation defines Steamboat Springs. Plan a visit today and meet the New West where the Old West traditions are as strong as ever.

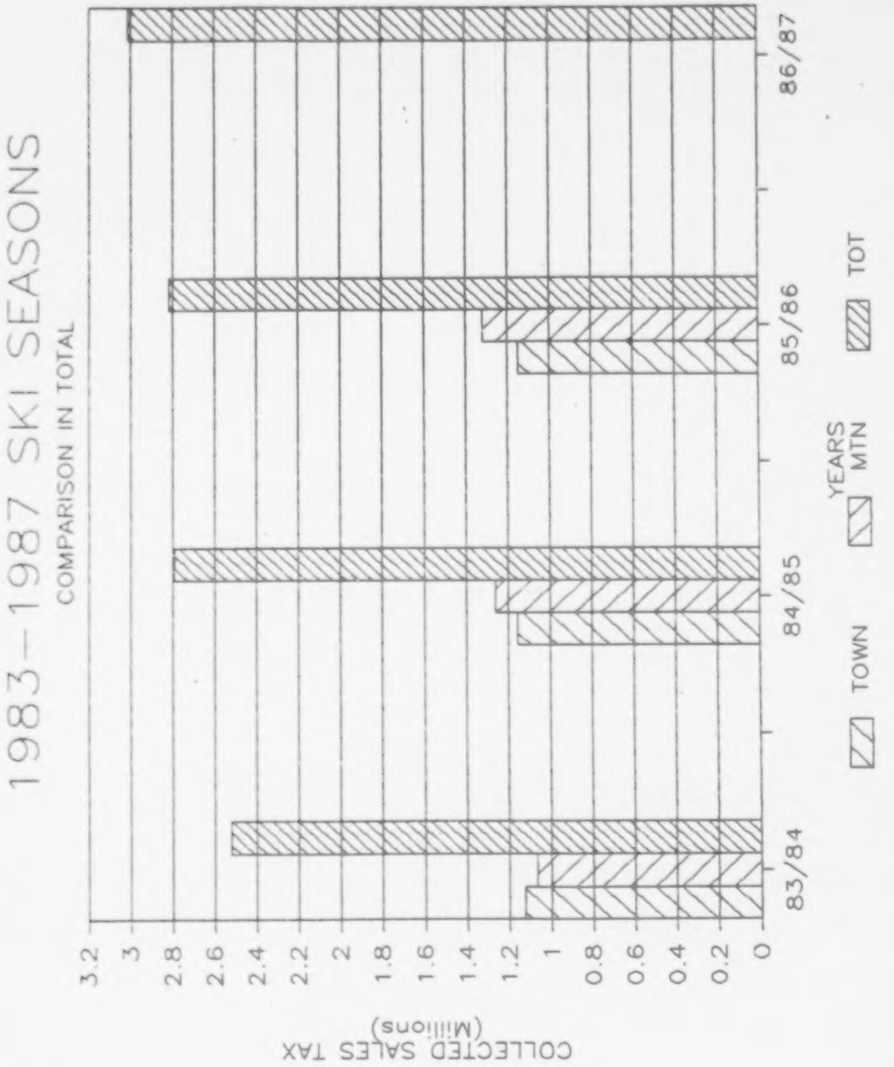
ATTACHMENT A-2





1983–1986 SUMMERS

COMPARISON IN TOTAL


1983–1987 SKI SEASONS
COMPARISON IN TOTAL
COLLECTED SALES TAX
(Millions)
3.2
3
2.8
2.6
2.4
2.2
2
1.8
1.6
1.4
1.2
1
0.8
0.6
0.4
0.2
0
83/84
84/85
85/86
86/87
YEARS
TOWN
MTN
TOT

ATTACHMENT A-3

section e

The Steamboat Pilot
Steamboat Springs
Colorado
August 20, 1987

Steamboat skis – and sees London

It was only an exhibition game, but the impact of the contest between the Denver Broncos and the Los Angeles Rams went far beyond the action at London's historic Wembley Stadium almost a fortnight ago. Never let it be said that the Broncos, or Colorado, or Steamboat would pass up an opportunity for a promotion or to be ambassadors of good will.

The Broncos, for their part, played an exciting and entertaining game before 72,786 mostly English fans who were seeing their first or second American football game. What the Broncos did in the week before the game was just as impressive. They signed autographs, toured the city, attended receptions and never tired of explaining the nuances of their game to people who knew only soccer and rugby.

Coloradoans, led by Gov. Roy Romer, were there in force praising the virtues of the state. Gov. Romer hosted a reception, made appearances around the city – including a stop at Harrod's to promote Colorado products – and then brought his entourage to Battersea Park to watch him ski on the Steamboat Springs-Budweiser City Ski Hill.

Representing Steamboat were Billy Kidd, Hans Geier, Kent Myers, Rod Hanna, Vonnie Wheeler, Leslie Dapper and Jim Schneider. A number of other Steamboat citizens made the trip, including Bob Hammons, Joe Sage and Tom Greer. Les and Pat Liman, in London on vacation, also attended the governor's reception. Most everyone was at the ball game, along with several hundred Broncos fans. It was a great time to visit London, with all the attention on the U.S.A., the Broncos, Colorado and Steamboat Springs.

Hans Geier, Billy Kidd, Jim Schneider, Leslie Dapper, Joe Sage and Kent Myers in Wembley Stadium.

Bronco quarterback John Elway.

Story and photos by Rod Hanna

Budweiser
WELCOMES
ACE FANS

Leslie Dapper with a neophyte British skier

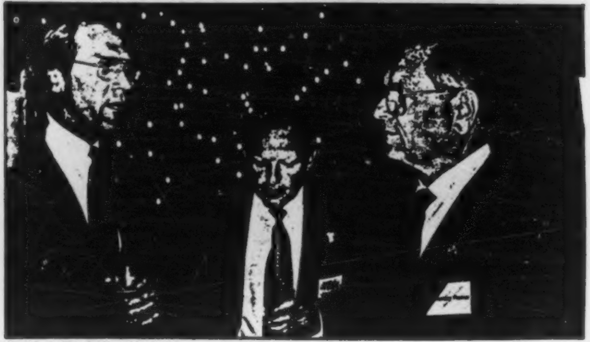
Steamboat Ski Corp. President Hans Geier poses at the top of London's only ski hill.

The Steamboat Springs — Budweiser City Ski hill in Hyde Park. The ice was supplied by fishermen on the coast.

Billy Kidd (right) talks to Graham Wilkie, world speed skiing champion and British native.

Les Liman and Bronco defensive back Tony Lilly

Bob Hammons and Tom Greer



Kent Myers, Hans Geier and Gov. Roy Romer

THE SUNDAY DENVER POST

September 6, 1987 Voice of the Rocky Mountain Empire Final Edition / 75 cents

Far East tourists courted to ski Colorado

By Carl Miller
Denver Post Political Editor

Colorado's ski industry aggressively is wooing Japanese and Taiwanese tourists with a marketing strategy designed to outmaneuver Utah, the state's arch-rival in the winter sports business.

Until recently, Colorado has not been much of a player in international tourism. That was partly because the industry has been supported so strongly by American tourists, but another major factor was a lack of interest by the administration of former Gov. Dick Lamm in pursuing international trade.

But now, the climate has changed markedly. Encouraged by Gov. Roy Romer's active foreign economic development program, Colorado ski resorts have begun to tap into some of the lucrative overseas tourism markets.

Japan and Taiwan make particularly good targets because young people in both nations increasingly travel to North America for vacations. And Colorado is in a better position to do business in the countries now that the state is opening trade offices in Tokyo and Taipei.

One way Colorado Ski Country USA hopes to lure Asian tourists to mountain resorts is by capitalizing on some nearby attractions, such as Yellowstone National Park, which already are familiar to the Japanese and Taiwanese. Yellowstone provides an excellent opportunity because it is an enormously popular destination for Pacific Rim tourists, said John Lay, president of the Colorado ski promotion group.

The biggest share of Far Eastern visitors to the United States, 90 percent, visit in the summer, Lay said. That is the season offering the best chance for the ski industry to expand its reach, because the resorts now do only about 10 percent of their business then.

The potential for new business is great. Only about 100,000 of Japan's 122 million residents vacationed in the United States last year. Of those Japanese tourists, fewer than 10,000 came on ski vacations, although there are 12 million skiers in Japan.

Lay, who serves on the governor's Inter-

Please see **TOURISTS** on 15-A

Ski resorts tap Far East for tourists

TOURISTS from Page 1-A

national Business Development Committee, has worked out a program with the Wyoming tourist industry and United Airlines. It is designed to appeal to Asian tourists, and, at the same time, should help ensure that when Japanese or Taiwanese skiers book winter trips to the United States, they will bypass Utah.

The program centers on a direct flight from the West Coast to Cody, Wyo., near Yellowstone, with another nonstop to Denver. After a few days at a Colorado resort, international tourists then can fly direct from Denver to Disney World in Florida or Disneyland in California.

Like to keep moving

That may sound to Americans like an ambitious travel schedule. But the Japanese and Taiwanese like to keep moving when they're on vacation. Many Far Eastern tourists follow a similar itinerary, but use Salt Lake City as their Rocky Mountain hub.

Lay said he believes that by establishing a strong Cody-Denver summer connection with travel agents in Japan and Taiwan, they then will naturally book ski tours to Colorado, not Utah.

Colorado resorts doing the most marketing in the Far East are Steamboat Springs, Aspen, Vail, Copper Mountain, Keystone, Crested Butte and Telluride. A travel agency that has been most aggressive in promoting tourism in the Far East, Escalante International Corp. of Denver, plans to translate Colorado Ski Country USA's promotional videotape into Japanese.

The industry also has hosted Fa Eastern travel agents, tour whole salers and travel writers on trips t Colorado. Four Japanese tourism brokers attended the annual Colorado Ski Country USA outing fo the state Legislature earlier thi year.

But Colorado still has a long wa to go before it can compete evenl with Canadian resorts, which fo years have captured the lion' share of the Asian tourist market.

In Canada, Japanese tourists are greeted by bilingual hosts and host esses. Ski trails and golf courses are marked with signs in Japanese Resort restaurants feature ful Japanese menus. Some hotels ever offer traditional Japanese bed rooms. Those amenities are un available at Colorado resorts though some are expected to begir adding them in the near future.

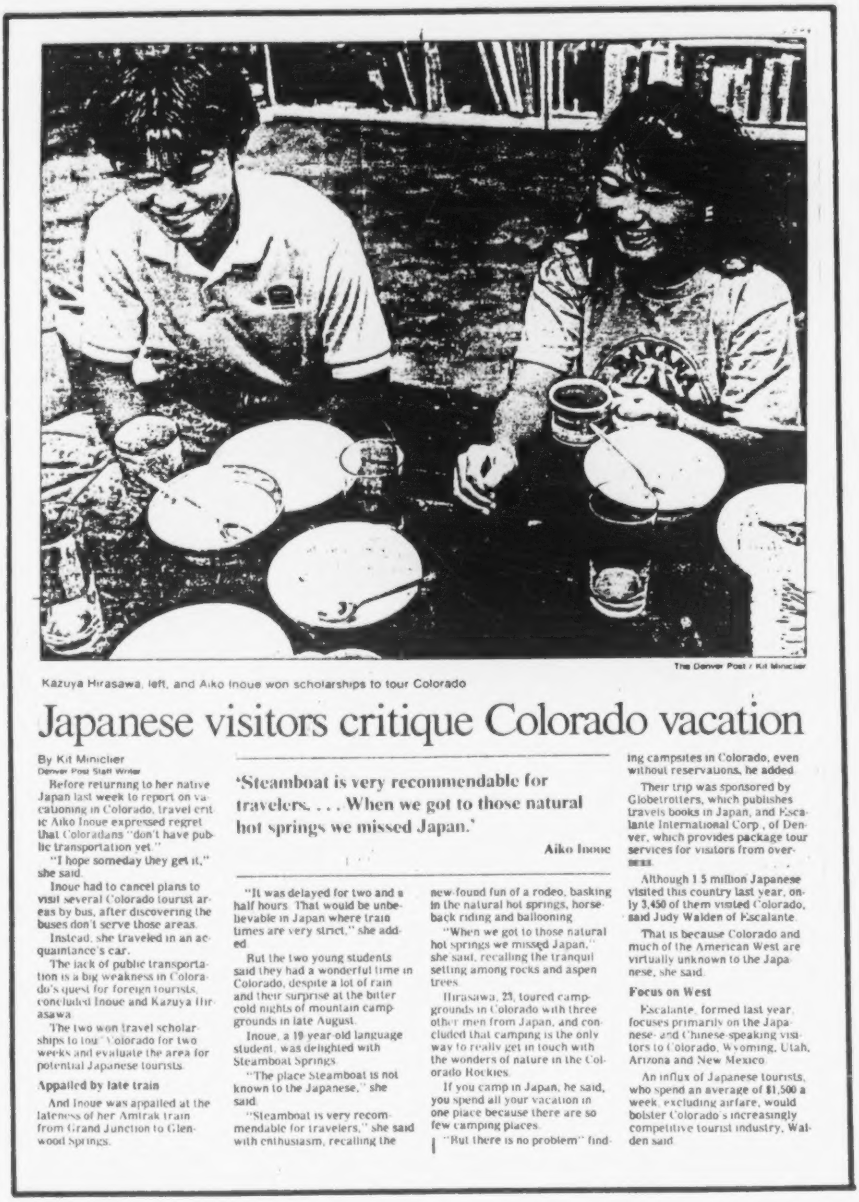
Unified marketing plan

Lay said he believes the only way the international tourism effort will be successful is if Colorado develops a unified marketing strategy involving state government, the tourism industry and companies doing business abroad. All should work together to create an enticing image of Colorado in the Far East.

As an example, Lay cited the recent decision by the Adolph Coors Co. to produce and sell Coors beer in Japan. The company is using palm trees, when it should be using mountains, in its Japanese advertising, he said.

"The Japanese have a clear idea of what California is — Disneyland and Hollywood," Lay said. "But they have no perception of Colorado. We can be whatever we want to be."

He said the Japanese love hot springs, cowboys, golf and mountain sports and those are ideal subjects for Colorado to use to build its image in the Far East.



The Denver Post / Kit Miniclier

Kazuya Hirasawa, left, and Aiko Inoue won scholarships to tour Colorado

Japanese visitors critique Colorado vacation

By Kit Miniclier
Denver Post Staff Writer

Before returning to her native Japan last week to report on vacationing in Colorado, travel critic Aiko Inoue expressed regret that Coloradans "don't have public transportation yet."

"I hope someday they get it," she said.

Inoue had to cancel plans to visit several Colorado tourist areas by bus, after discovering the buses don't serve those areas.

Instead, she traveled in an acquaintance's car.

The lack of public transportation is a big weakness in Colorado's quest for foreign tourists, concluded Inoue and Kazuya Hirasawa.

The two won travel scholarships to tour Colorado for two weeks and evaluate the area for potential Japanese tourists.

Appalled by late train

And Inoue was appalled at the lateness of her Amtrak train from Grand Junction to Glenwood Springs.

> **'Steamboat is very recommendable for travelers. . . . When we got to those natural hot springs we missed Japan.'**
>
> **Aiko Inoue**

"It was delayed for two and a half hours. That would be unbelievable in Japan where train times are very strict," she added.

But the two young students said they had a wonderful time in Colorado, despite a lot of rain and their surprise at the bitter cold nights of mountain campgrounds in late August.

Inoue, a 19-year-old language student, was delighted with Steamboat Springs.

"The place Steamboat is not known to the Japanese," she said.

"Steamboat is very recommendable for travelers," she said with enthusiasm, recalling the new-found fun of a rodeo, basking in the natural hot springs, horseback riding and ballooning.

"When we got to those natural hot springs we missed Japan," she said, recalling the tranquil setting among rocks and aspen trees.

Hirasawa, 23, toured campgrounds in Colorado with three other men from Japan, and concluded that camping is the only way to really get in touch with the wonders of nature in the Colorado Rockies.

If you camp in Japan, he said, you spend all your vacation in one place because there are so few camping places.

"But there is no problem" finding campsites in Colorado, even without reservations, he added.

Their trip was sponsored by Globetrotters, which publishes travels books in Japan, and Escalante International Corp., of Denver, which provides package tour services for visitors from overseas.

Although 1.5 million Japanese visited this country last year, only 3,450 of them visited Colorado, said Judy Walden of Escalante.

That is because Colorado and much of the American West are virtually unknown to the Japanese, she said.

Focus on West

Escalante, formed last year, focuses primarily on the Japanese- and Chinese-speaking visitors to Colorado, Wyoming, Utah, Arizona and New Mexico.

An influx of Japanese tourists, who spend an average of $1,500 a week, excluding airfare, would bolster Colorado's increasingly competitive tourist industry, Walden said.

Ideas for rural revival outlined; local involvement called essential

by Jeffrey A. Roberts
Denver Post Capitol Bureau

A special governor's task force recommended dozens of strategies Tuesday for reviving Colorado's struggling rural economy.

But there's not much the state government can do for areas such as the San Luis Valley without direct involvement of local leaders and businessmen, the group's report concluded.

"This is a road map, and most of the action must take place at the local level — not at the state," said Gov. Roy Romer, who created the task force last April.

". . . We're not going to deliver the good life from the top down," he said. "It's going to come from the bottom up."

Part of the two-volume report, put together by more than 200 rural residents from throughout the state, recommends that Colorado communities find better ways to market their products and themselves as tourist attractions.

It also calls for a review of transportation needs around the state; creation of a state Department of Transportation to supercede the Colorado Highway Department; and more help from state lawmakers in developing a better rural business climate.

Other suggestions are targetted for certain areas.

For the San Luis Valley in southern Colorado, the task force recommended creation of an arts center to promote the sale of native arts and crafts. For the Western Slope, the group suggested hiring someone to coordinate the promotion of area tourist attractions.

Although most of the ideas would cost money, Romer said he is confident some of the projects can be paid for with private capital. He added that he already is implementing some of the task force's recommendations.

Romer stresses local action.

- business
- real estate
- professional directory
- classifieds

section c

The Steamboat Pilot
Steamboat Springs
Colorado
August 20, 1987

Rural economic strategy outlined

by BRIAN BENNETT

Gov. Roy Romer is considering a comprehensive, 76-page proposal submitted to him by the Rural Development Task Force on ways to foster the development of rural Colorado. The proposal is the first of two volumes.

It was created by some 2,000 appointed members of the five-region state task force on rural economic development.

Chamber Resort Director Bob Hammons and the head of the Board of Northwest Colorado Ski Corp./Lake Catamount Joint Venture, Martin Hart, represented Steamboat at the task force's two-day summit in Grand Junction.

The strategy, as it is dubbed, focuses on three primary issues: agriculture, business and community development, and tourism. Issues like marketing, state, local and regional roles, banking and program design are covered.

According to Hammons, throughout Romer's campaign for governor the candidate continually heard that rural Colorado was being neglected. When these complaints were coupled with the fact that the Colorado legislature is dominated by Denver area legislators, Romer felt compelled to demonstrate that rural areas were not forgotten in state government.

Thus the three-tiered platform for economic stability was born and now sits on Romer's desk, waiting for action.

AGRICULTURAL REFORM

The agricultural proposal calls for major reforms to protect farmers and stimulate growth in agricultural markets, specifically for Colorado products.

Primarily, this calls for an extension of the ABC or Always Buy Colorado program. -Studying promotion of Colorado agriculture products, promoting Colorado's agricultural image and establishing quality standards for Colorado products are three essential extensions of that program.

Others include:

- International gubernatorial exposure in selling Colorado products
- State approval of the Interstate Grain Compact
- Financial support for collection and distribution of Colorado agriculture statistics
- State conducted surveys of the quality of state products
- Establish a clearinghouse to process Colorado farm products

In terms of agricultural financing, the Western Slope membership called for development of a revolving loan fund for farmers and formation of an alliance between producer groups "for the purpose of sharing the costs and expertise in promoting Colorado agricultural products."

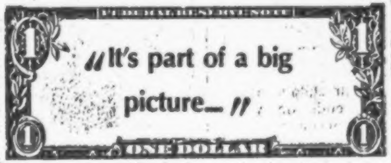
According to the report, the Colorado Department of Agriculture, through the Agricultural Finance Task Force, should identify means for private investors to invest in privately owned farms. A public sector consultant should also be assigned to identify public and private sources of agricultural loans.

Three additional recommendations made in the report to Gov. Romer in terms of agricultural financing were:

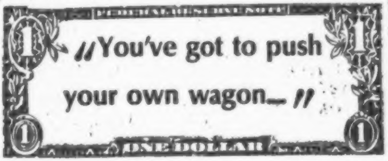
- Establish a national secondary market for agriculture loans
- Direct the state treasurer to utilize state funds to purchase the guaranteed part of FmHA loans in order to provide low interest rates at fixed-term financing to farmers and ranchers
- Pressure FmHA to require more active cooperation with local lenders regarding guaranteed loan programs

Colorado State University in Fort Collins plays a major role in the agricultural analysis as well. The plan calls for making CSU a land grant institution again. The proposal says that CSU has moved from its original purpose of helping agricultural economies through teaching, research and extension programs and should actively pursue regaining that focus.

Finally, the agriculture reform recommendations view crop options as a viable resource to help farmers survive. CSU should play a major role in identifying crop options and alternative markets, says the task force.



"It's part of a big picture..."



"You've got to push your own wagon..."

BUSINESS AND COMMUNITY DEVELOPMENT

The aim of the task force is in step with Romers's stated goal of making Colorado a viable place to do business.

The report calls for improving the business environment by beefing up enticements to do business in Colorado, streamlining the bureaucracy in order to be more responsive to business needs, revamping statutes to spark industry growth in specific areas, and further developing the state's infrastructure to provide better access to business opportunities.

Improving access to small business financing is a major emphasis of the report: "A continuing lack of access to capital for small business financing at reasonable rates will severely inhibit the economic growth of rural Colorado."

Its recommendations include establishing high access loan pools, reviewing and altering banking practices in terms of Colorado's regulatory environment and discovering new, creative forms of financing through public and private sectors.

In terms of creative financing, the task force would like to see a review of the state's financial role in economic development, especially dealing with the state's financing of private programs. The task force would like Colorado to take this more seriously as well as the continued creation of enterprise zones in depressed areas.

Highlights of major issues analyzed in the report are:

- Create built-in promotional mechanisms for boosting rural Colorado development in the Denver Convention Center and new Denver airport
- Establish a Colorado Department of Transportation to coordinate the transportation industry for better access by metropolitan and rural entities
- Unify and coordinate fragmented economic development resources under one state agency for accountability
- Establish an effective economic development marketing program, unifying all statewide programs
- Provide assistance to local governments and individuals interested in economic development through five regional offices
- Formulate a state policy recognizing the importance of natural resource industries to rural economies while maintaining strict levels of conservation and reclamation

Each of the above contains a sub-list of specific recommendations on how to best effect the changes. The detail of each sub-category prevents a full, detailed analysis of all the recommendations here.

TOURISM

By the time readers wade through the report to the tourism section, they find overlapping recommendations.

Hammons explains that many of the recommendations were alike in all three sectors, indicating that uniform needs are perceived by rural leaders.

For example, a dominant topic was the poor shape of state highways. In the tourism forum, highways were a high priority because they literally bring tourism to the mountains.

"We can net them here once, but if they beat their car up on our highways, the tourists won't come back," says Hammons.

Another area of overlap was the establishment of five regional tourism offices. This was also a recommendation of the business forum. The regional offices would serve as central stations for coordinating regional tourism activities and business references.

Hammons says the regional offices could be a boon to struggling rural economies if operated effectively.

"I think Romer's feeling is that you've got to push your own wagon," says Hammons, meaning that before promotion there must be product. Each community must invest in itself in order to get a return.

Hammons says Steamboat is "the gem of the highway 40 corridor" largely because it has made the investment to be economically self-supporting.

The most important recommendation for Steamboat made in the report calls for the establishment of a state insurance pool to cover short-term festivals and specific recreational events. The task force would also like liability ceilings established for tourism and recreation activities. In either case, insurance problems would be significantly reduced for resort communities.

THE BALL IS IN ROMER'S COURT

According to former Steamboat resident Roland Rivera, now an educational and developmental aid to Romer, the governor has not acted on any of the recommendations to date.

According to Rivera, the recommendations will be analyzed by Romer's staff, and action will be taken internally by the Economic Development Action Committee on issues it deems worthy of implementation.

"It's part of a big picture," says Rivera, commenting that this report is only one of eight submitted by task forces statewide.

Time is needed to give the bureaucracy a chance to evaluate the proposal and act.

Steamboat's Growing Season:
Town: 57 days
Surrounding area: 50-90 days
Higher Altitudes: Under
60 days

business

Routt County's population is approximately 10,950.
The city of Steamboat houses approximately 5100 people.

Colo-Ute president: Self-help is key to success

Girts Krumins

Northwestern Colorado is the state's best example of "self-help," according to Colorado Ute Electric Association's president, Girts Krumins.

"This corner of the state shows greater self-reliance than any other part of Colorado," Krumins told members of the Chamber Resort's Economic Development Council during a Monday noon meeting.

"Do-it-yourself projects such as the Yampa Valley Airport and the four water projects, either completed or underway, are important examples of what people can do when they see a need. It's obvious that this area sets an example of how to get things done. It has established goals, put together programs, raised necessary funds and accomplished what it has gone out after.

This is a unique period in Colorado's history, Krumins says. It is a time when all basic industries are economically depressed. Coal, oil and agriculture need help.

"I see a self-centeredness in the metro area that should be of concern to all of us. When the brown cloud became a major issue, Denver decided to ban the use of coal. Such a ban will have serious ramifications for Northwestern Colorado.

"I have a solution to the problem. Since most of the city's pollution is caused by traffic, I propose to close I-25. Yes, that's a drastic solution but no less drastic than substituting natural gas for coal...and far less expensive." Krumins said.

He pointed out that more coal is burned in Northwest Colorado than in Denver, yet we do not have the pollution problem.

"Denver should visit this area and see how pollution can be controlled," he said.

He lobbied for the death of the 1977 legislated coal severance tax, saying that it is now inappropriate.

"The tax was levied to pay for the mining impacts at a time when state growth was increasing dramatically. Now the severance tax monies are being used for inappropriate things such as amenities for Telluride."

He urged the use of oxygenated fuels, noting that Colorado-Ute is using this non-polluting gas in its vehicles.

Finally, he urged that economic development give top priority to existing businesses rather than to potential new industries.

"Your existing industries need help. That should be your first order of business. And with that, local services are essential. Rural hospitals, for instance, are struggling to stay open. Yet, without these institutions, new industry will not take a second look at a new location.

"Routt County has proven that things can get done. It has not waited for government to take the lead, but has taken the lead in making things happen. Government funding is important, but to look to government to lead the way is to become stagnant."

planning agenda

Steamboat Springs Planning Commission Agenda
Sept. 24, 1987

Those matters coming before the Steamboat Springs Planning Commission to be discussed at 7:30 p.m. on Sept. 24, in the Public Safety Facility Meeting Room, 840 Yampa St., are as follows:

Minutes of the Sept. 10, 1987, hearing will be approved.

PUBLIC COMMENTS — The purpose of the public comments section of the agenda is for members of the public to speak to the Planning Commission on any subject not scheduled for discussion elsewhere on the agenda. This section does not require Planning Commission action or decision. Those addressing planning commission are requested to identify themselves by name.

No new agenda items will be considered after 11:30 p.m. (with the Planning Commission's discretion.)

PROJECT: Pink Cadillac
PETITION: Regular Development Permit for Facade Remodel Involving Right-of-Way Encroachment
LOCATION: W½ Lot 3, Block 30, Original Town
PETITIONER: John M. Justus

Contribute to your community!
Teach illiterates to read.

County seeks airport funds

The Board of County Commissioners last week asked the Steamboat Chamber Resort Association's lodging committee for $46,500 to complete dirtwork for an approach light system at the Yampa Valley Regional Airport.

Tuesday the lodging committee held a special meeting to consider the request, though results were not available at presstime. The commissioners' letter of request indicated that an immediate answer was necessary.

The dirtwork is being done this fall to prepare a site for the installation of a $307,000 approach light system at the airport. The system is being donated to Routt County by the Federal Aviation Administration, as long as the county completes site preparations by spring.

The county's cash cost is about $41,000, for engineer's fees and soil tests. About 250,000 cubic yards of dirt need to be moved, at an approximate cost of $1 dollar per yard.

So far, the dirtwork has been donated by Colorado Yampa Coal Company, the Steamboat Ski Corp., Peabody Coal and Wagner Equipment.

However, less than half the dirtwork remains to be completed. Wagner has arranged for the county to use two scrapers for 30 days, provided the county can pay for the operators, fuel costs and insurance — a total cost of $46,500.

The commissioners' request to the lodging committee for these funds came on the heels of the commissioners' decision not to pursue a county-wide sales tax. During the commissioners' meetings with various community groups to discuss the sales tax proposal, the lodging committee, which opposed a sales tax, offered monetary assistance for capital improvements at the Yampa Valley Regional Airport.

The innkeepers claimed that while their guests do not impact basic county services, they do benefit from the airport. Thus financial assistance directly to the airport was a possibility.

The commissioners' letter was received last Friday by Steve Dawes, chairman of the lodging committee. The letter requested an answer by Tuesday, two working days later.

"I'm not sure of the position we'll take," Dawes said Tuesday.

Dawes indicated he'd called a special meeting of the lodging committee for 3 p.m. Tuesday and that the commissioners' request was at the top of the agenda. However, results of that meeting were not available at presstime.

Japanese tourist praises Steamboat Springs

Editor's note: The following article was published in the Denver Post on Sept. 1. It indicates the impact that a major marketing effort by Steamboat Springs could have upon the community.

by Kit Miniclier
Denver Post Staff Writer

Before returning to her native Japan last week to report on vacationing in Colorado, travel critic Aiko Inoue expressed regret that Coloradans "don't have public transportation yet."

"I hope someday they get it," she said.

Inoue had to cancel plans to visit several Colorado tourist areas by bus, after discovering the buses don't serve those areas.

Instead, she traveled in an acquaintance's car.

The lack of public transportation is a big weakness in Colorado's quest for foreign tourists, concluded Inoue and Kazuya Hirasawa.

The two won travel scholarships to tour Colorado for two weeks and evaluate the area for potential Japanese tourists.

Appalled by late train

And Inoue was appalled at the lateness of her Amtrak train from Grand Junction to Glenwood Springs.

"It was delayed for two and a half hours. That would be unbelievable in Japan where train times are very strict," she added.

But the two young students said they [illegible] at the bitter cold nights of mountain campgrounds in late August.

Inoue, a 19-year-old language student, was delighted with Steamboat Springs.

"The place Steamboat is not known to the Japanese," she said.

"Steamboat is very recommendable for travelers," she said with enthusiasm, recalling the new-found fun of a rodeo, basking in the natural hot springs, horseback riding and ballooning.

"When we got to those natural hot springs we missed Japan," she said, recalling the tranquil setting among rocks and aspen trees.

Hirasawa, 23, toured campgrounds in Colorado with three other men from Japan, and concluded that camping is the only way to really get in touch with the wonders of nature in the Colorado Rockies.

If you camp in Japan, he said, you spend all your vacation in one place because there are so few camping places.

"But there is no problem" finding campsites in Colorado, even without reservations, he added.

Their trip was sponsored by Globetrotters, which publishes travel books in Japan, and Escalante International Corp., of Denver, which provides package tour services for visitors from overseas.

Although 1.5 million Japanese visited this country last year, only 3,400 of them visited Colorado, said Judy Walden of Escalante.

"That is because Colorado and much of [illegible] she said."

SAVE MONEY &

MORE PEOPLE rely on newspapers for information than any other

6A THE STEAMBOAT PILOT, Steamboat Springs, Colo., Thursday, September 24, 1987

Experts give advice on attracting foreigners

by JOANNA DODDER

Five experts offered their advice Sept. 15 to help Steamboat attract international tourists.

They were brought here courtesy of Steamboat's "Colorado Initiatives" grant received from the state. The grant was given to a handful of cities to help promote business. Steamboat chose to target international tourists, especially those from the Far East.

The varied panel included Bill O'Connor, principal, The Trinity Group, international market analysts; Judy Walden, principal, Escalante International Corp., packagers of international tours; David Cooper, senior associate with HOH Associates, a graphics organization/implementation firm; and Meredith Miller, part of the State Department of Local Affair's Colorado Initiatives program staff.

Following is a summary of each presentation.

BILL O'CONNER

Steamboat has a lot of strengths that can be made even stronger, says Bill O'Connor. Its expanded air service is an "extraordinary opportunity," of which Steamboat should take advantage. If air carriers fail they won't be back. The Kids Ski Free program is a great promotional tool that should be expanded on. O'Connor says Steamboat has the best central reservations system he has ever seen, but it could be even more powerful if utilized to inventory more information.

"Everyone I talked to was enthusiastic about his or her own agenda. You guys have really got something special." O'Connor and the others spent 1½ days talking to people throughout the community to gain better insight on what advice to give.

The lack of good, solid information is a problem everywhere,notes O'Connor. Statisticians do know, however, that Colorado had more than 22 million visitors in 1986 (including locals who travel overnight), but the state got only .5 percent of the 22.5 million foreign travelers in the United States in 1986.

One way for Steamboat to get more solid information is to survey vistors through its lodging community on an organized basis.

The United States is ready for more foreign visitors, says O'Connell, because of the dollar's decline and airline competition. However, attracting Japanese tourists takes longer than attracting those from Western Europe, who are already more oriented toward North American trips.

Steamboat can either use "pole distribution" or "push distribution" to attract the tourists, says O'Connell. The former involves creating interest so people will seek out information. It can be costly, especially in Japan, where a half-page ad will run $80,000 on a weekday.

Push distribution involves relying on existing links such as U.S. sales agents operating in the Far East or the U.S. Tour and Travel Administration. It's also good to form alliances. This method may take longer, but it's cheaper.

JUDY WALDEN

"The good thing is that dialogue has begun," says Judy Walden of Steamboat's plan to attract foreigners.

In her discussions with residents, she heard emotional fears as well as economic ones.

Some emotional fears of plans to attract tourists from other countries include: It will have a cultural impact on Steamboat; the city will change in its effort to please tourists; and the city may try to create a false image.

Some economic fears include: Who will take the initiative to attract these tourists?; it is expensive to pursue the international markets; there's a danger of driving away existing markets; and who will pay for the cost of international tourism?

Walden heard other related questions: Is Steamboat an international resort? (The answer, in general, was "No, but it's becoming one.") Is Steamboat Springs still Ski Town USA? What kind of image does Steamboat want?

Some recommendations from Walden: Steamboat should define its product, especially for the summer; research the potential market; match the product to the market; define who can pay to come here; allocate human and financial resources; pursue the market and adjust to it.

DAVID COOPER

Steamboat is a community of contrasts, says David Cooper: summer vs. winter, the historic vs. the new, active vs. passive, urban yet rural, automobile oriented yet pedestrian, catering to the visitor yet still caring for the resident.

Steamboat Springs needs to reinforce the linkage between these contrasts, he says. Improve transportation. Define the image. Use design to add cohesion. Coordinate information materials. Improve the shopping environment downtown.

Some Cooper recommendations: the current designing of new signage is an opportunity to add cohesion; the sidewalks downtown should be replaced; develop a concept of overall preferred building design; develop some focal points downtown; understand the community's retail makeup; invest in capital improvements.

MEREDITH MILLER

Why is Steamboat interested in attracting international tourists? Are the motives economic or cultural? This is what Steamboat Springs needs to ask itself, says Meredith Miller. An international tourism committee can help define these motives, and the committee should include representatives of the city, Chamber, Economic Development Commission, Colorado Mountain College and Mountain Bell, as well as downtown and mountain retailers, representatives of the arts and historical community, the Ski Corp. and the at-large citizenry.

Miller recommends that the committee start its activities by beginning the long process of developing an international marketing strategy; setting realistic goals; stressing education as part of the process; identifying a project proposal for as much as $20,000 from Mountain Bell; continuing to hang on the coattails of state projects; and giving support to institutions working to gain an international spotlight.

Page 28 Rocky Mountain News Monday, September 7, 1987

State/Region

Tourists flock to Four Corners, ski towns

Front Range attractions trail in summer season

By CAROLYN DOUGHERTY
Rocky Mountain News Aspen Bureau

The Four Corners area and Colorado's ski towns appear to be the winners as this summer's tourism sweepstakes draws to a close, but not all parts of the state were so lucky.

The state as a whole has had "respectable growth" in summer tourism this year, said Dan Love, director of the Colorado Tourism Board.

"Several spots did extremely well," he said. "It's my impression, based on some early numbers, that the summer was a good one."

Final statewide figures won't be compiled until next month, so it's still too early to tell exactly how well Colorado fared in the tourism business this summer, officials said.

Some early indicators show that at least the first part of the summer saw healthy gains. The Denver office of the AAA Auto Club reported a 7% jump in requests for driving information and route maps.

"Even some of the more traditional workhorses of our industry — namely Rocky Mountain National Park — have some very interesting numbers," Love said. The park's attendance is 8% ahead of 1986, with more than 1.3 million tourist visits through July.

In the Four Corners region, marketing efforts and special events such as bicycle races combined with "very good press" to make this a record-breaking summer, said Ken Brengle, executive director of the Durango Area Chamber Resort Association.

A renewed interest in Indian and southwestern culture has a lot to do with the the area's upsurge in popularity, said Scott Tipton, co-owner of Mesa Verde Pottery.

Mesa Verde National Park near Cortez reported visits up 9% over last year, National Park Service figures show. Many of the new visitors are Europeans, Tipton said.

"Germans, French, Swiss, Italian ... we even had a guy from Moscow," he said. "Europeans, they've got a tremendous interest in archeology. They seem more knowledgeable about the Southwest than most Americans."

The increased attention is welcome in the Four Corners, said Tipton.

"We have always felt a little bit shunted away, isolated. But we decided to take a more aggressive posture and tie ourselves closer to the state of Colorado," he said.

Colorado's ski towns also came out winners in the annual competition for summer visitors. More sophisticated marketing plans and increased cultural attractions deserve credit for much of the increase, observers said.

"For the ski towns to survive, we really do need to have a year-round, more stable economy," said Vera Crockett of the Steamboat Springs Chamber Resort Association.

In Aspen, the 39th season of the Music Festival was the best year ever, with ticket sales up 17.7% over last summer.

"All the arts have had a banner summer," said Cindi Haviland of the Aspen Resort Association. Sales tax receipts, one indicator of summer business, were up 10.5% for the first part of the summer, she said.

Joe August of Balloon the Rockies in Steamboat Springs said his hot-air balloon ride business is up about 20%.

"It's a very competitive atmosphere now between the ski towns," said August. "Our competition is Vail, Aspen, Telluride, more so than the other states."

The Front Range did not show as many gains as t mountains and Southwest, said Debbie Kovalik of the Color do Springs Convention and Visitors Bureau. "Our business just a little up from last year. Ski towns are becoming main competition."

Visits at the Air Force Academy are up about 30%, mo as a result of a new visitors center, Kovalik said. Rides the cog railway at Pike's Peak have drawn 1% fewer ride than last year, while business at Royal Gorge is down 5

A trend toward more active and adventurous recrea showed up on the state's rivers and mountains this sumn

Colorado's whitewater rafting business has grown at r of between 7% and 10% during the past decade, and raft reported another solid year.

"The season went great," said Jerry Mallett, president the Western River Guides Association. "We just ran out water."

The Colorado Outward Bound School is attracting m people who want a vacation that is "recreational in t extreme sense," said marketing director Judith Abarbarne

The bulk of the school's 6,000 annual students comes in the warm months.

"Summer in Colorado, in the mountains and rivers, that's our big draw," Abarbarnel said.

ATTACHMENT A-4

COLORADO INITIATIVES

WHAT IS IT?

Colorado Initiatives is a community economic development program that provides technical assistance to communities throughout Colorado. Initially developed in 1985, the program is a collaborative effort of the State Department of Local Affairs, the University of Colorado at Denver, and Mountain Bell.

WHY WAS THIS PROGRAM DEVELOPED?

The primary goal of this three-way collaborative effort among state government, higher education and Mountain Bell is to help counties and municipalities develop realistic community economic development strategies. The program is focused and product oriented.

Given the growing demand for economic development assistance, a targeted approach to servicing community needs, particularly in rural areas, has been developed. The program provides concentrated development assistance to ten (10) selected communities on an annual competitive basis. Secondarily, the program aims to assist in creating adequate conditions for community development in a limited number of other communities.

WHAT IS THE INTENT OF THE COLORADO INITIATIVES PROGRAM?

The intent of this program is to assist Colorado communities and municipalities take positive actions to improve local economic conditions. The actions are developed locally rather than at the state level, since a basic premise of this program is to service local initiative. Although Colorado Initiatives is a relatively new program, it has been well received by the selected communities and has served to:

- Build local capacity and self-reliance;
- Foster an understanding of unique community assets and constraints that have become a foundation for activities to be undertaken;
- Define and prioritize local development needs;
- Build a broad based constituency within a community strong enough to sustain itself through the implementation of any development-oriented project or strategy;
- Aid communities in developing a comprehensive and integrated development strategy whereby economic development is undertaken within the context of community development;
- Provide on-going assistance on an as-needed basis to insure substantive results are achieved through local effort; and

- Provide a network whereby successful economic development efforts are shared throughout the state.

These objectives continue to be accomplished by coordinating the resources and staff of the State's Department of Local Affairs, University of Colorado at Denver, and Mountain Bell. The concentrated development assistance provided by Colorado Initiatives staff is augmented through the provision of professional training workshops and the development of "how to" publications that draw upon successful experiences statewide.

HOW DOES THE PROGRAM WORK?

The program's management is based upon a partnership approach. Each of the participating organizations brings forth specific resources and expertise in a coordinated manner to benefit the selected Colorado communities. Concentrated development assistance is provided annually on a competitive basis starting each spring. Communities are asked to complete a very simple and straightforward one-page application. While there are numerous criteria that the selection committee looks for, a basic premise is that there is strong evidence of local commitment and an emerging leadership to see the project through after the first year. The scope of assistance provided to a community is governed by a Memorandum of Understanding signed by all parties which sets forth the responsibilities and commitments of each organization. Each community is assigned a project manager who acts as a facilitator, helping communities address their own priority interests and needs. In addition to a state project facilitator, each community receives $4,000 to acquire specialized technical assistance and up to $10,000 of implementation funds.

The program is managed by Barbara Cole of the Division of Commerce and Development. Barbara is responsible for overall coordination, as well as serving selected communities. Pat Coyle, also from the Division, serves the communities and coordinates other community economic development services. Pat, along with Evan Metcalf, specialize in small business assistance and business financing options.

John Schler and Bob Horn from the University of Colorado's School of Architecture & Planning, Center for Community Development & Design work with the 10 communities, as well as the non-selected communities. Not only do they bring their own expertise to the program, they also coordinate student interns and special projects utilizing University resources.

Mountain Bell's involvement in the three-way collaborative effort is to promote economic growth by committing financial assistance to the program to support economic development initiatives in the communities, as well as corporate expertise to specific efforts.

WHAT HAVE BEEN SOME RESULTS OF THE COLORADO INITIATIVES PROGRAM?

One of the greatest benefits of the Colorado Initiatives program is that it leverages commitment toward getting actions accomplished in a relatively short time horizon.

Comments from a number of local elected officials and administrators provide some sense of the type of results communities can expect from this program.

- The Mayor of Salida, John Brejcha, said, "I see this program as being very beneficial. It allows state staff to focus on specific projects and issues within the community. I think more has gotten done. We've put a financing package in place for downtown improvements and are in the process of implementing streetscape improvements. From the community's perspective there has been a set of criteria to strive for."

- A local official in Grand Junction had this to say, "The Colorado Initiatives program helped pull our project off the back burner into a major priority for the city and even the county. Although there is still six months left with the program, we have completed a development plan for our project area and are beginning the process of courting development interests".

- The results of the program in Glenwood Springs, according to the City's Planning Director, have been good. "It takes projects out of the study mode into the 'getting it done' mode. We've had actual physical results - downtown kiosks, information signs...there's a greater unity among downtown merchants...they're actually doing joint advertising and promoting, which helps all small businesses...downtown interests are no longer functioning as separate entities."

- Another community stated, "One of the biggest benefits of this program is getting an objective outsider's view of our situation. And, particularly, getting the broad perspective of a state representative. We tend to get tunnel vision here and focus only on our immediate problems".

- "The level of expertise made available to us by this program has been fantastic", said an elected official from the Western Slope.

The type of assistance and results of the program may vary from place to place. Many communities have received design assistance and cost estimates for new buildings, tourist attractions, industrial parks, and public improvement projects. Others have received assistance and have implemented innovative financing packages enabling projects to proceed. Program staff will work with the communities to custom-tailor an assistance program which best augments local capabilities.

WE'RE INTERESTED IN THE PROGRAM; HOW DO WE GET MORE INFORMATION?

If you're interested in the program, feel free to contact any of the following staff people:

In Denver:
Barbara Cole, Pat Coyle or Evan Metcalf - - - - - 866-2205

BACK PANEL ENDORSEMENTS;

"Mountain Bell's contribution to this program is an investment in Colorado's future. We believe that Colorado Initiatives is an important step in revitalizing this state's economic base. It encourages economic development in all parts of the state. And importantly, it will improve the quality of life for many Coloradans. Mountain Bell is proud to be part of this joint public/private effort with the State Department of Local Affairs and the University of Colorado at Denver."

Sol Trujillo, Mountain Bell Vice President &
Chief Executive Officer

"The University of Colorado is excited about participating in the Colorado Initiatives community economic development program. Communities must be well informed, organized and action-oriented to effectively compete in the market place. I believe the resources coordinated with the Department of Local Affairs and Mountain Bell will be extremely useful for our small towns and our state."

Gordon Gee
President, University of Colorado

"The State of Colorado believes in a partnership approach to facilitate growth and development throughout the State. Colorado Initiatives brings the resources and expertise of the State, Higher Education and the private sector, represented by Mountain Bell together to assist communities to formulate realistic economic development strategies. With this program, communities build greater self-reliance and achieve tangible results."

Roy Romer
Governor, State of Colorado

BUSINESS OPPORTUNITIES:
DURANGO, COLORADO

Revised April, 1987

By:

Bernard E. Anderson, Ph.D.
Director

and

Julie M. Simons
Assistant

Office of Economic Development
School of Business
Fort Lewis College

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SECTION 5 - COMPOSITION OF THE DURANGO ECONOMY

INTRODUCTION

The Durango area has several economic as well as quality of life advantages for those business persons planning an expansion and/or better service to their southwestern markets. As this section will illustrate, Durango, in addition to having a very well educated work force, has wage levels which are on the average 10% lower than comparable wages in the Denver area. In addition, there are no labor unions or other impediments which might hinder the process of molding wage rates and working conditions designed to achieve maximum productivity levels.

Durango and La Plata County are located several miles from the urban areas of the Colorado front range cities or the urban areas of New Mexico and Arizona. However, Durango remains very cosmopolitan in its economic and cultural makeup. The area is the center of medical care for northwestern New Mexico, southeastern Utah and southwestern Colorado. In addition, Durango is fortunate to be the location of Fort Lewis College, a fully accredited four year state supported institution of higher learning. The area also seems to attract well educated, retired people who add their knowledge to the area's resource base. Thus, the community and county remain quite urban in atmosphere and also in its human resource base.

WHAT SECTORS EMPLOY DURANGO WORKERS

Currently, the retail and service sectors absorb the largest share of employees. Table I-5 gives these data for La Plata County. Chart I-5 illustrates the distribution of employment by sector for 1980. It is no secret that, due to the area's stunning tourist attractions, the tourist sector prevails as the most important sector of the economy.

TABLE I - 5

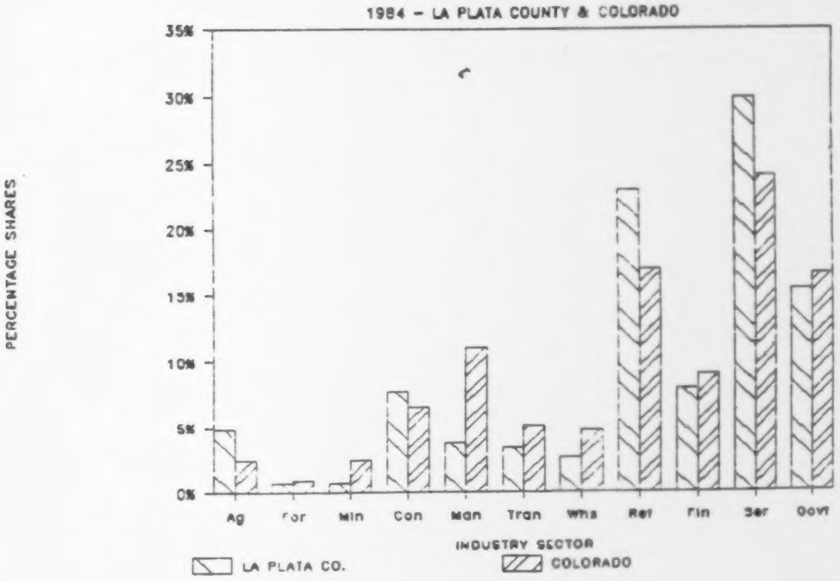
NUMBER OF EMPLOYED PERSONS BY INDUSTRY FOR LA PLATA COUNTY AND COLORADO 1984

INDUSTRY	LA PLATA COUNTY	% DIST.	STATE OF COLORADO	% DIST.
Agriculture	776	4.8%	46,031	2.5%
Forestry, etc.	115	0.7	17,412	1.0
Mining	119	0.7	46,018	2.5
Construction	1,261	7.8	119,858	6.6
Manufacturing	609	3.8	199,474	11.0
Transportation	552	3.4	92,656	5.1
Wholesale	432	2.7	85,325	4.7
Retail	3,682	22.9	307,608	17.0
Finance/R.E./Ins.	1,266	7.9	164,094	9.0
Services	4,808	29.9	436,046	24.0
Government	2,480	15.4	299,167	16.5
TOTALS	16,100	100.0%	1,813,689	100.0%

Source: U. S. Department of Commerce, Bureau of Economic Analysis - Provided by local office of Colorado Department of Local Affairs, 1984 data. Date of Report was March 13, 1987.

CHART I - 5

NUMBER OF EMPLOYED PERSONS BY INDUSTRY



WHO WE RETAIL TO - BY BUSINESS CLASS

As mentioned previously, the economy of La Plata County currently is heavily dependent on tourism. Some 50% of retail sales are either made directly to the tourist or come from the spending of those employed by the tourist industry.

Obviously, those businesses that sell at the wholesale level or that produce goods for consumption elsewhere will not be a part of the county's retail sales volume. Some manufacturing and some wholesale businesses as well as the entire agricultural sector of the county fall into this category.

However, retail sales do give one insight into those sectors which provide the base for sales tax collections. This tax provides the city and county, as well as the state, with a significant portion of their tax base. Table II-5 gives these data for the county and state. Chart II-5 illustrates these data.

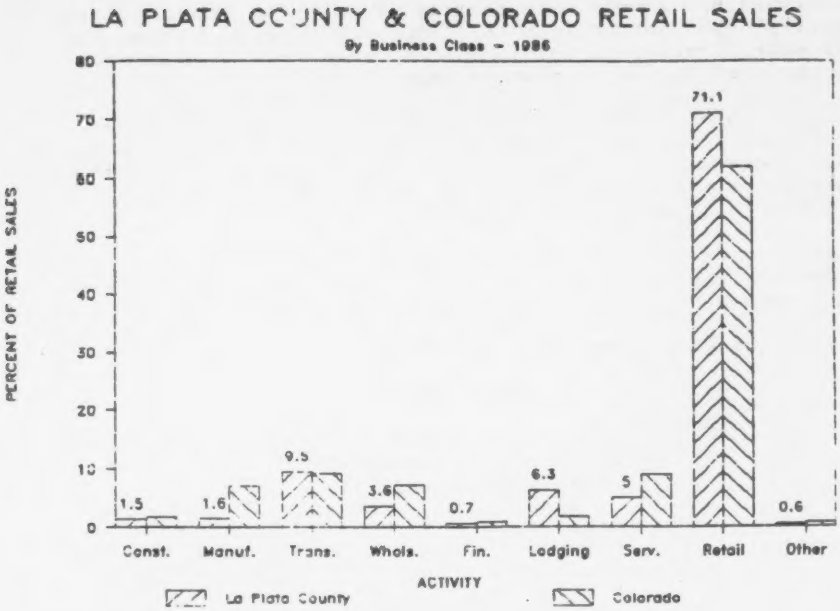
TABLE II-5

RETAIL SALES
LA PLATA COUNTY AND COLORADO
1985-1986 FISCAL YEAR

BUSINESS CLASS	LA PLATA COUNTY ($1,000)	% DIST.	STATE OF COLORADO ($1,000)	% DIST.
Agr/Forest/Fish.	$ 341	0.1	$ 115,509	0.3
Mining	1,727	0.5	171,224	0.4
Construction	5,267	1.5	706,846	1.8
Manufacturing	5,438	1.6	2,774,082	7.1
Transp/Commun/Elec. Gas/Sanitation	32,794	9.5	3,653,803	9.3
Wholesale Trade	12,603	3.6	2,833,780	7.2
Bldg Mat/Farm Equip.	24,368	7.0	1,809,057	4.6
General Merchandise	15,007	4.3	2,253,065	5.7
Food Stores	49,754	14.4	4,416,364	11.2
Auto Dlrs/Serv Sta.	53,824	15.6	5,773,866	14.7
Apparel/Accesories	9,462	2.7	953,773	2.4
Furniture/Home Furn.	10,320	3.0	1,146,081	2.9
Eat/Drink Establish.	34,030	9.8	2,453,230	6.2
Misc. Retail Sales	49,517	14.3	5,498,656	14.0
Finance/Ins/Real Est.	2,234	0.7	396,532	1.0
Hotel/Other Lodging	21,781	6.3	708,938	1.8
Services Other than Lodging	17,542	5.0	3,550,074	9.0
Gov't Facilities	0	.0	31,080	0.1
Nonclassifiable Estab.	0	.0	17,062	.0
TOTALS	346,010	100.0%	$39,263,021	100.0%

Source: Colorado Department of Revenue, Annual Report 1986

CHART II - 5



WHAT WE PRODUCE - BY PRODUCTIVE ACTIVITY

There are several ways to measure the different shares of economic activity generated by different segments of the La Plata County economy. It becomes very difficult to assign values to these shares because some industries simply bring in products at wholesale while others sell at retail and therefore generate large amounts of sales tax dollars.

One way to compensate for these measurement shortcomings is to present a variety of measures of economic activity which will hopefully provide the reader with sufficient data to allow him to weigh the different facets of each sector. Table III-5 gives data on economic activity measured by dollar values of sales or receipts by private sector activity. Chart III-5 illustrates these data. Along with the dollar amounts, multipliers are presented that give some idea as to the degree to which the different sectors create their own products (are part of our basic industries) or the degree to which each sector relies on the importation of goods for its inventories. A sector with a larger multiplier is one which creates its own products whereas an industry with a lower multiplier relies on products brought in from elsewhere.

TABLE III - 5

LA PLATA COUNTY: ECONOMIC ACTIVITY AS MEASURED BY DOLLAR VALUES - 1982 AND TYPE II MULTIPLIERS - 1984

ACTIVITY	VALUES	SHARES %	MULTIPLIER	LEAKAGE OUT OF ECONOMY %
	Sales ($1,000)			
Retail Trade:	175,750	50.7	1.5	66
Durango:	156,781			
Rest of County:	18,969			
	Value of Shipments ($1,000)			
Manufacturing:	19,600	5.7	1.4	71
	Sales ($1,000)			
Wholesale Trade:	61,978	17.9	1.3	76
Durango:	40,992			
Rest of County;	6,441			
	Market Value of Agricultural Products Sold ($1,000)			
Agriculture:	11,954	3.5	3.4	29
TOTAL:	$346,444	100.0%		

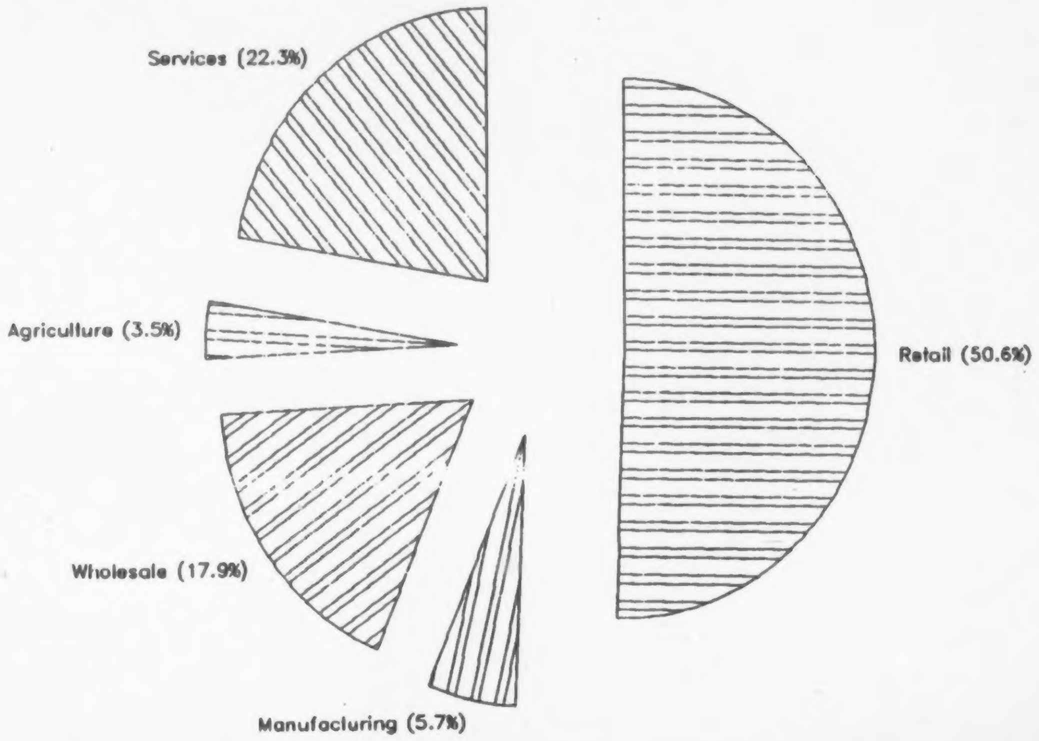
Source: 1982 Census of Agriculture, Services, Retail Trade, Wholesale Trade, and Manufacturing, U. S. Census, U. S. Department of Commerce, Bureau of the Census, 1982. Also, "The Economy of Southwest Colorado, Description and Analysis", John R. McKean, Department of Agricultural and Natural Resource Economics, Colorado State University, May, 1984.

Note: Type II Multipliers take into consideration not only the direct and indirect changes in income but also the induced income generated in other sectors of the economy by increased consumer spending.

CHART III - 5

ECONOMIC ACTIVITY IN LA PLATA COUNTY

By Economic Sector - 1982



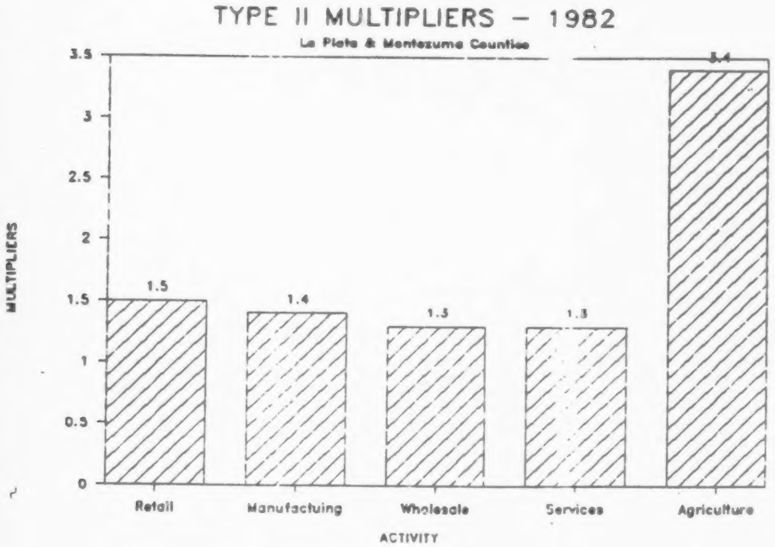
MULTIPLIERS FOR LA PLATA COUNTY

As with most small towns in America, Durango (and La Plata County) remains primarily an import-export economy. The area exports world renown tourism (skiing vacations, Mesa Verde National Park visits, the Durango & Silverton Narrow Gauge Railroad train trips, spectacular high mountain fishing an back packing, etc.), some of the best higher education in the state (Fort Lewis College), oil and gas resources, some manufactured goods and some agricultural products. On the other hand, the area imports most of its consumer and producer goods, including most of its food and all of its durable goods.

Regional multipliers (the number which, if multiplied by new income, gives the additional income created) average 1.45. The multiplier for the United States as a whole approaches 2.45 and a multiplier of 1.45 for the Durango area in not atypical for any rural area in the United States.

Chart A-5 illustrates the multipliers in La Plata and Montezuma Counties for the five major sectors of economic activity.

CHART A - 5



WHERE WE EARN OUR INCOMES - DURANGO AND LA PLATA COUNTY

As one might imagine, income sources in Durango and La Plata County reflect important economic sectors. It is not surprising that 27% of income earned comes from those sectors associated with the tourist industry. However, it is surprising that a large 14% comes from public sector employment and over 40% comes from dividends, interest, rents and transfer payments. Table IV-5 gives these data and Chart IV-5 illustrates the distribution of income by source.

TABLE IV - 5

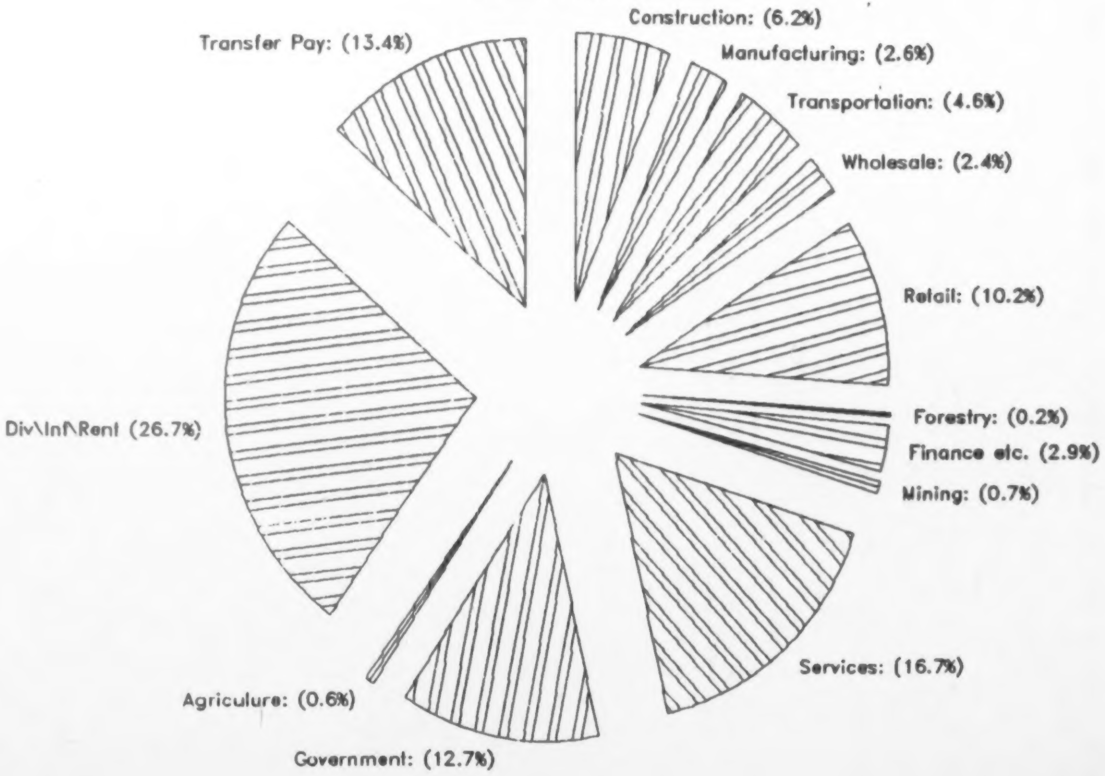
LA PLATA COUNTY PERSONAL INCOME BY MAJOR SOURCE
1984

SOURCE	AMOUNT OF INCOME ($000)	% DISTRIBUTION
Agriculture	$ 2,104	0.6%
Forestry	772	0.2
Mining	2,402	0.7
Construction	20,198	6.2
Manufacturing	8,576	2.6
Transportation	15,144	4.6
Wholesale	7,762	2.4
Retail	33,346	10.2
Fin/R.E./Ins.	9,588	2.9
Services	54,535	16.7
Government	41,667	12.7
Div. Int. & Rent	87,130	26.6
Transfer Pay	43,830	13.4
Total	$327,054	100.0%

Source: U. S. Department of Commerce, Bureau of Economic Analysis, 1984 - Provided by Colorado Department of Local Affairs, Data of report was March 13, 1987

CHART IV - 5

PERSONAL INCOME BY MAJOR SOURCE - 1984
LA PLATA COUNTY



HOW DURANGO AND LA PLATA COUNTY INCOME COMPARES WITH OTHER AREAS OF COLORADO

Durango and La Plata County are located in Region 9 of the State's 13 planning regions. Region 9 includes La Plata, Montezuma, Dolores, San Juan and Archuleta Counties. It is interesting to note that Region 3, the Denver Metropolitan area, so overpowers the state in economic activity that when income levels are compared by planning region, the average income in the Denver area is not only the highest but also is the only regional income level above the state average.

Table V-5 gives the average adjusted gross income data for all planning regions and the average income level for Colorado as a whole. Region 9 (which includes La Plata County) has an average income level above six other regions and below seven regions. If one were to omit the Denver region, the average income in Region 9 would be about 90% of the overall state average.

TABLE V - 5

COLORADO INDIVIDUAL INCOME
AVERAGE ADJUSTED GROSS INCOME AND
STATE AVERAGE AND PLANNING REGION AVERAGES
1985

PLANNING REGIONS	AVERAGE ADJUSTED GROSS INCOME	% USING STATE AVERAGE AS BASE	% USING STATE AVERAGE (LESS DENVER AS BASE)
Region 1: S. Platte Valley	$16,776	77.7%	92.6%
Region 2: N. Front Range	19,462	90.1	107.4
Region 3: Denver Metropolitan	23,896	110.7	-
Region 4: Pikes Peak	19,672	91.1	108.6
Region 5: High Plains	18,272	84.6	100.9
Region 6: Lower Arkansas	14,978	69.4	82.7
Region 7: Spanish Peaks	15,444	71.5	85.3
Region 8: San Luis Valley	13,232	61.3	73.0
Region 9: San Juan Basin (Durango)	16,398	76.0	90.5
Region 10: Black Canyon	14,336	66.4	79.1
Region 11: Plateau	18,713	86.7	103.3
Region 12: Northern Mountain	21,050	97.5	116.2
Region 13: Upper Arkansas	15,193	70.4	83.9
State of Colorado:	$21,596		
State of Colorado without Denver Area:	$18,114		

Source: Colorado Statistics of Income, Colorado Department of Revenue, Research Publication #303, February 1986

Major Employers:

The Durango area has several major employers, all of which creat employment security and economic diversification for this region. Table XII-5 gives present major employers and their impact on labor demand for the area.

TABLE XII - 5

MAJOR EMPLOYERS BY TYPE AND NUMBER OF EMPLOYEES
DURANGO 1986

EMPLOYER	TYPE OF EMPLOYMENT	NUMBER OF EMPLOYEES (maximum)
Private:		
Purgatory Ski Area	Ski Resort	660
Tamarron Resort	Resort Hotel/Conf. Center	400
Strater Hotel	Lodging/Food Service	140
Red Lion Inn	Lodging/Food Serv./Conf. Ctr.	120
Durango Herald	Newspaper	90
Durango & Silverton Narrow Guage R.R.	Steam Railroad	200
Rocky Mountain Chocolate Factory	Candy Production	100
City Market	Grocery	250
Public:		
City of Durango	Public Services	170
School District	Public School System	415
Fort Lewis College	Four Year State College	390
La Plata County Gov't.	Public Services	210
San Juan National Forest	U. S. Forest Service	300
State Highway Department	Highway Construction & Maint.	160
Semi-Public:		
Mercy Hospital	Medical Facilities	330
La Plata Community Hosp.	Medical Facilities	165
La Plata Electric Assoc.	Electric Utilities	90

Source: Above employers, 1987

LOCAL ECONOMIC INDICATORS

Table XIII-5 gives regional economic indicators for La Plata County and Durango.

TABLE XIII - 5

RETAIL SALES, BANK DEPOSITS, AND ASSESSED VALUATION
1978 THROUGH 1985
($1,000)

YEAR	RETAIL SALES LA PLATA COUNTY	RETAIL SALES DURANGO	BANK DEPOSITS DURANGO	ASSESSED VALUE LA PLATA COUNTY
1978	$170,717	$126,720	$ 85,770	$107,504
1979	$212,000	151,915	91,580	117,615
1980	235,800	174,088	100,409	133,574
1981	272,500	203,864	111,030	150,792
1982	285,700	212,500	145,641	172,336
1983*	308,400	233,731	214,573	179,504
1984**	336,930	254,812	230,217	233,233
1985	335,705	257,810	236,102	250,685
1986	346,010	271,136	281,629	254,575

* Area went from three to five banks in 1983.

** Major county re-assessment in 1984.

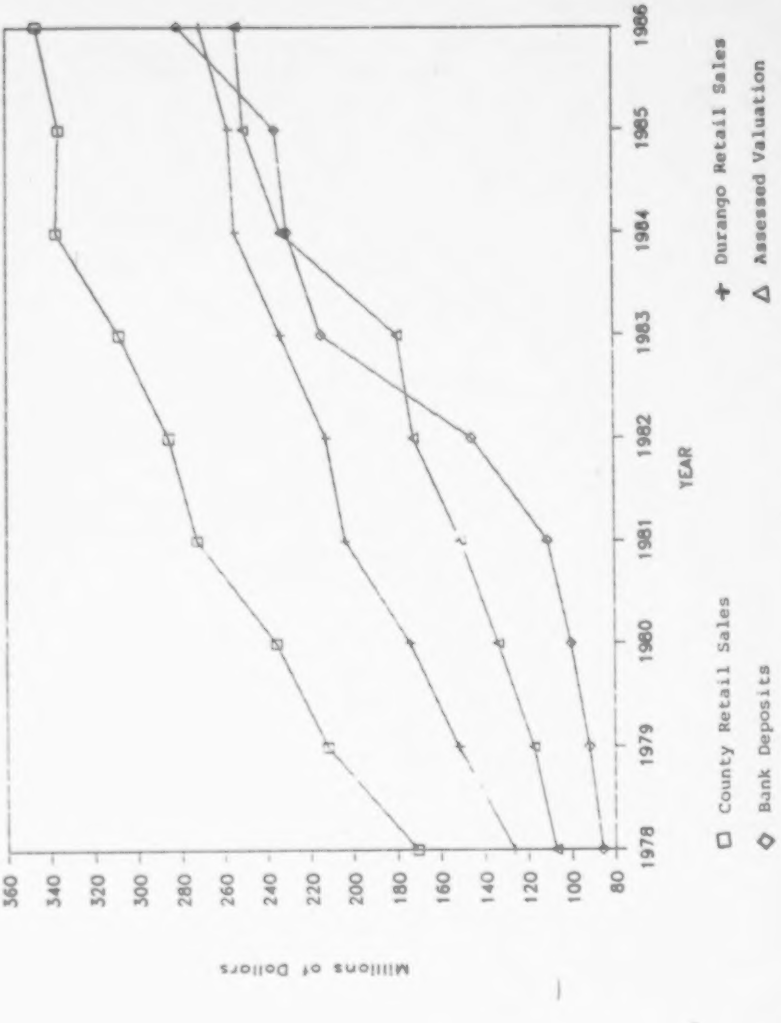
Source: Colorado Department of Revenue, Polk's Bank Directory, La Plata County Assessor's Office.

Chart XIII-5 illustrates these trends over the past nine years. As can be seen, steady growth has taken place in the local economy. Bank deposit data is distorted because a regional savings and loan converted to a savings bank and a new national bank was located in Durango in 1984. Also, a state mandated re-appraisal was conducted by the county assessor in 1984. In spite of these distortions, one can see that growth is continuous.

CHART XIII - 5

ECONOMIC TRENDS – LA PLATA COUNTY AREA

1978 through 1986



TRENDS IN TOURISM

As mentioned in several sections of this report, tourism remains the major industry of southwestern Colorado. The major tourist attractions included Mesa Verde National Park, the Durango & Silverton Narrow Gauge Train, Purgatory Ski Area and the San Juan National Forest. Many tourists arrive in Durango by way of air transportation through the Durango/La Plata County Airport. Trends in visitation and travel are given in Table XIV-5. Chart XIV-5 illustrates these data over time.

TABLE XIV - 5

DURANGO TOURISM TRENDS
1978 - 1986
(thousands)

YEAR	PURGATORY SKI RESORT (skier days)	D&SNG RAILROAD (passengers)	MESA VERDE (visitors)	AIRPORT PASSENGER (activity)
1978	258,000	120,000	654,000	102,000
1979	272,000	102,000	474,000*	116,000
1980	177,000	103,000	541,000	99,000
1981	251,000	124,000	590,000	90,000
1982	279,000	143,000	603,000	88,000
1983	278,000	147,000	604,000	107,000
1984	306,000	170,000	517,000	159,000
1985	306,000	171,000	656,000	178,000
1986	330,000	164,000	659,000	191,000
1987	337,000			

*Mesa Verde Park was closed in May, 1979, due to road construction.

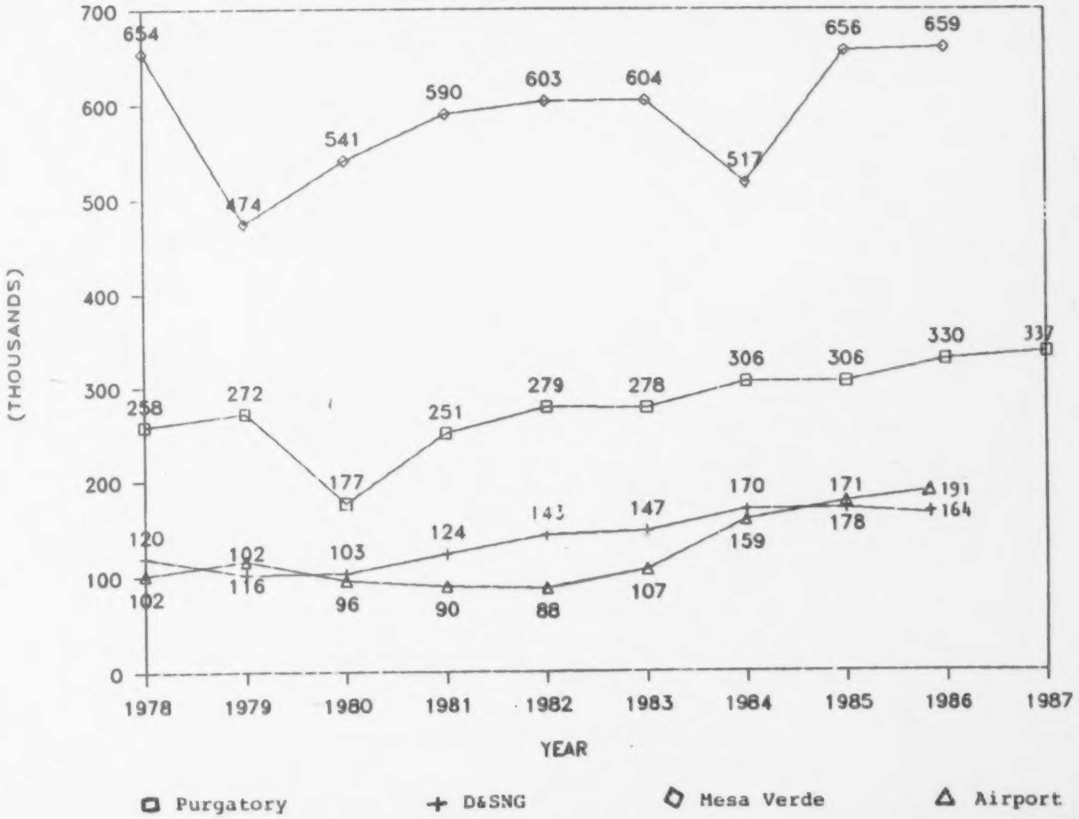
**The Railroad ran a winter train in 1981 through 1985.

Source: From the respective operations.

CHART XIV - 5

TOURISM TRENDS – DURANGO AREA

1978 through 1986 ('87 ski area)



TESTIMONY OF DAVID ANDERSON

Chairman, Club 20 Tourism Committee
Western Slope, Colorado

TESTIMONY FOR THE RECORD OF THE COMMITTEE ON SMALL BUSINESS; HOUSE SUBCOMMITTEE ON EXPORTS, TOURISM AND SPECIAL PROBLEMS; VAIL, COLORADO; OCTOBER 10, 1987.

Mr. Chairman, Committee members. My name is David Anderson. I am chairman of the Club 20 Tourism Committee. Club 20 is an organization representing 21 counties located on or near the Western Slope of Colorado.

I would like to spend a few minutes presenting you with a somewhat different view than you may have received in other testimony.

The extreme importance of tourism to the Western Slope of Colorado and the State in general is not a matter of true debate. Likewise, it is obvious, in my opinion, that the United States Government ought to be doing more to encourage visitation from other parts of the world to the U.S. However, when considering how best to expand promotional efforts, I suggest that caution be exercised so that a properly balanced approach is taken.

In general there appears to be a nearly automatic assumption that the way to obtain more visitors is to barrage the potential audience with increased advertising, whether it be print, television, or radio media. **In short, the majority of tourism budgets seems to be spent on hype, rather than on product development.**

I would like to point out that in reality the best salesman for any product is an excited and pleased customer who willingly promotes the product to friends and relatives without charging a penny.

Consequently, I believe that both the private and public sectors need to pay more attention to developing and "grooming" the product that visitors to the U.S. buy.

We ought to be spending a lot more money on efforts that produce a series of interesting, stimulating experiences for our visitors ----- the kind of experiences they will go home to brag about to as many people as possible. Not only do we need to develop the experiences: we also need to help the visitor enjoy them and we need to provide the visitor with tools to take home that will help him to sell his experience to others.

To be more concrete, **I suggest that the proposed "Tour USA Promotion Corporation" should establish an on-going technical assistance program that would advise the tourism industry in the U.S.** This program should undertake the following:

A. Profile what foreign (and also domestic) visitors really want out of a visit in the USA. Existing research should be reviewed and synthesized; new research should be initiated as required. The resulting information should be used in both product development and advertising campaigns.

B. Utilizing the research results, existing tourism resources should be "tailored" to the visitors' desires --i.e., the resources should be packaged in wrappings that appeal to the customer. Packaging should be done in a variety of ways according to specific audiences.

C. New attractions should be developed to satisfy the demands discovered. These might be totally new attractions or might be new features of existing resources.

D. Hospitality training programs should be encouraged and enhanced. It is essential that front-line employees convey a warm, personal friendliness and good service. Superior human relations will do more to sell the USA than anything else.

E. The corporation should take an overall leadership role to coordinate and oversee tourism development in the U.S. This should be accomplished primarily by acting as a subsidized resource of technical expertise, rather than as a regulatory body.

Thank you for the opportunity to present these views.

Testimony of

William Penn Mott, Jr.
Director, National Park Service
U. S. Department of the Interior

before the
Committee on Small Business
Subcommittee on Exports, Tourism and Special Problems
U. S. House of Representatives

October 10, 1987
Vail, Colorado

Mr. Chairman and Members of the Committee:

Thank you very much for inviting me to participate in these hearings to discuss the work that the National Park Service is doing to promote tourism and to help small businesses to benefit from the domestic and inbound travel increases of recent years.

Six years ago, the National Park Service established a tourism function within the Office of the Director. At that time, we saw a need to communicate with the industry that was marketing travel to our national parks. We hoped that by establishing lines of communication, we could affect industry marketing plans in such a way as to change park visitation patterns where there were problems with those patterns.

This cooperative effort of the Federal government working with the private sector has had benefits well beyond our expectations. In fact, our work with the industry since that time has not only helped us to improve the public use of national park areas but it also has provided us with important new sources of information and assistance for projects related to the conservation of natural and historical resources.

We have participated in travel trade and consumer marketing programs designed to stimulate domestic travel and promote increases in the inbound markets. We have worked closely with the U. S. Travel & Tourism Administration of the U. S. Department of Commerce. In fact, the Under Secretary of Commerce for Travel & Tourism has been generous in her direct and indirect support of our projects.

We have helped public agencies at other levels of government and small, local businesses to form new regional tourism promotion organizations. With volunteer support from industry experts, we have conducted specialized tourism development studies that have resulted in the establishment of exciting, profitable new business ventures and increases in local tourism-related business. And earlier this year, for the first time, we produced a special conference to provide the best available training in tourism marketing, promotion, research and communications skills to park managers representing all levels of government and to owners/operators of small businesses involved in tourism. The conference was designed to meet needs in 10 states of the central United States. We have been asked to produce another such event, but for a national audience of public land managers and small business people. The national conference will be held in March 1988 in Biloxi, Mississippi.

In addition to the various activities that we have undertaken to promote tourism and to assist small businesses with their own efforts to promote tourism, the National Park Service recently has been asked to provide technical advice and assistance to other Federal agencies and to foreign governments.

Currently, we are providing technical assistance to some tribes of Native Americans and to the Bureau of Land Management, another agency of the U. S. Department of the Interior. Under the provisions of a bilateral agreement with that country, we have been helping the Kingdom of Morocco to plan for the development of new national park areas with significant touristic appeal.

I would be glad to describe any one or more of these projects in detail.

It has been a pleasure to have had the opportunity to meet with the committee and to provide you with information about our tourism promotion and advisory activities. I would be pleased to respond to any questions that you may have.

TOURISM AND SMALL BUSINESS

FRIDAY, MARCH 11, 1988

House of Representatives,
Subcommittee on Exports, Tourism,
and Special Problems,
Committee on Small Business,
Lexington, MO.

The committee met, pursuant to notice, at 10 a.m., Lexington Courthouse, Lexington, MO, Hon. Ike Skelton (chairman of the subcommittee) presiding.

Present: Chairman Skelton; Representatives Campbell, Mfume, and Mavroules.

Chairman **Skelton**. The subcommittee will come to order. I am pleased to have the opportunity this morning to call to order a small business hearing of the Small Business Committee of the United States House of Representatives, and also the opportunity to show off my hometown of Lexington.

Let me say that I feel that Lexington is the perfect case study for this phase of our series of hearings on small business and tourism. We wanted a rural community and a small town that had the potential to use its existing attributes to attract the tourist industry and thereby to help its own economy. As I think that we will see today, Lexington fills this bill.

First, let me thank my friends and neighbors here in Lexington for both assisting in making this hearing a success and for making us feel right at home Now at least my colleagues will know why I am bragging about Lexington so very much when I am in Washington.

I invited the subcommittee to come out to Missouri, so that we, and through us, the rest of the Congress, could learn about the economic importance of the travel and tourism industry for small businesses and for rural America.

But we are all going to learn something here today. The gentlemen on this side of the table bring with them a wealth of experience in that they come from tourism areas that are rich in history and natural beauty.

I introduce Congressman Nick Mavroules who represents areas on the outskirts of Boston, MA. Those areas, such as Salem, attract tourists from around the world. The people there, with Congressman Mavroules' help, have made sure that it will continue to do so through careful planning, hard work, and historic preservation.

I might mention, in passing, that the district that he represents is next door to another town named Lexington, as you may have heard of, as in Lexington and Concord. Our goal today is to teach him that when someone refers to historic Lexington that he will have to say which one.

I also have with us today a gentleman from Baltimore, MD, Kweisi Mfume, who represents the harbor and renovation part of Baltimore. And, again, it is an instance where their hard work to market the area has made this happen and come to pass.

Baltimore is now considered to be a very cosmopolitan city with lots of different cultures each accented to add to the variety of what they can offer. They are no longer just a city with an international port, but they truly have an international city. I am pleased to have the gentleman from Baltimore with us.

And Ben Nighthorse Campbell, the gentleman from Colorado. If there is one place in the United States that is almost as pretty as my own home area here, it is Ben's district in the Rocky Mountains and western Colorado. He is from Ignacio, CO, and we welcome him.

They have been very successful in marketing their efforts out there. We had a subcommittee hearing in Vail not too long ago, and it was of very great interest. We received a lot of helpful information there.

He represents areas such as Vail, Aspen, and Steamboat Springs, names that are known throughout the world for attracting tourism to that area.

Today, we are interested in hearing your thoughts and recommendations on ways that small businesses in rural areas can tap into the domestic and foreign travel markets, and what, if anything, the Federal Government can do to promote travel and tourism.

The subcommittee wants to learn about ways that we can help rural communities and small businesses grow into their full potential. Rural communities do not have the financial resources of metropolitan areas, and yet they too need to develop their natural attractions and historic treasures. And often, you will find that we have them here where the largest cities do not.

In addition, we need to encourage communities, such as Lexington, to work together with other tourist designations in the region to draw more people here.

International travelers who come to see the Truman home and the library, for instance, might well be interested in coming to see Lexington, or the Missouri lakes, or the Ozarks Mountains, if they were informed about how easy it is to go from one place to another here in our State.

Before I go to my first witness, I want to say that we had hoped to have Marjorie Beenders of the Missouri Tourism Office here today. She has done an excellent job for the State of Missouri. She will not be with us, but she will have someone else appearing for her.

[Mr. Skelton's statement may be found in the appendix.]

Chairman Skelton. We will, as usual, conduct this hearing through panels. The first two gentlemen on this panel flew in here from Washington. We wish to introduce them. Eric Peterson, the Deputy Under Secretary of the United States Travel and Tourism Administration, known as the USTTA, from the Department of Commerce. We appreciate, Eric, you being with us. And Larry

Henson, the Associate Deputy Chief of the United States Forest Service, the United States Department of Agriculture. I welcome you as members of the first panel.

I now ask my colleagues if they have any opening remarks. Mr. Mavroules.

Mr. MAVROULES. Thank you very much. Very briefly, let me once again thank you, and the good people in Missouri for their courtesies and kindnesses that they have extended to all of us since we arrived here last evening.

It is vitally important that we travel throughout the country and find out what the problems are, and see if we can correct some of those problems.

Mr. Skelton, whom I have had the pleasure and honor of serving with for 10 years, will be coming up to my district in a couple of weeks. There, we are trying to put together a heritage park, and tourism plays such an important role when it comes to that kind of accomplishment, and we truly appreciate his efforts on behalf of all of us.

I am delighted along with all of our colleagues here this morning to be in Missouri, to listen to some of the problems, some of the things that we can do together where Government can certainly work with the private sector and the local government to make your quality of life improve tremendously.

Again, I thank you very much. Let me commend you for having this hearing in your hometown.

Chairman SKELTON. Thank you.

Congressman Mfume.

Mr. MFUME. Mr. Chairman, I, too, will be brief. I am particularly pleased to be here. As you know, I sort of leaped at the opportunity. We said earlier at breakfast that our chairman and your Congressman is probably the biggest cheerleader for the State, and he is just that.

I am glad that we are here in Lexington today to get firsthand information and to meet many of you. And more importantly to see, as we have this morning, many of the rich historic sites that exist here. We are all interested in listening to the recommendations on ways that small business can take advantage of domestic travel, and to some extent foreign travel.

You are so replete with history and heritage here that you really stand facing a great opportunity to do many of the things that other communities around the Nation have been trying to do in the area of tourism. You probably have one up on all of them, because they do not have the sort of history that you have here.

So it is very important for me, being from Baltimore, to be here today and to share in this hearing, and to serve with someone as able and capable as Congressman Skelton. We look forward to the hearing, and I want to thank all of you for coming here and participating.

Chairman SKELTON. Thank you.

Congressman Campbell.

Mr. CAMPBELL. Thank you, Mr. Chairman. I appreciate appearing this morning, too. As you know, Mr. Chairman, the tourist industry was the only segment of our national economy last year that did not contribute to our national trade deficit. In fact, it really has been the shining light of trying to balance our trade deficit.

And I, like you, am very concerned about it, and I know that we can expand and enhance it. I am delighted to be here this morning in Lexington. This area has a very rich heritage and many things to offer that people would like to come and see. I am going to be very interested in learning how we, in Washington, can help you enhance the tourism programs here.

Thank you, Mr. Chairman.

Chairman SKELTON. Thank you.

Representing Congressman Joe McDade, the ranking minority member of the Small Business Committee, is Drew Hiatt, minority staff director.

Do you have a comment?

Mr. HIATT. Thank you, Mr. Chairman. I am delighted to be here in beautiful and historic Lexington to represent, as the chairman said, the ranking minority member of the full committee, the Honorable Joseph M. McDade of Pennsylvania, who cannot be here, unfortunately.

He sends his warmest wishes to the Congressman and his wife and to the other members of the committee, and also to the people of Lexington. And on behalf of the Congressman, I would like to applaud the chairman for holding this hearing today to look into the possibilities of expanding tourism in Lexington.

And at the request of the ranking minority member, Mr. Chairman, and with your permission, I would like to submit his statement for the record.

Chairman SKELTON. Without objection, it will so be submitted.

[Mr. McDade's statement may be found in the appendix.]

Chairman SKELTON. Panel one, Eric Peterson and Larry Henson. Mr. Peterson, you are recognized.

TESTIMONY OF ERIC C. PETERSON, DEPUTY UNDER SECRETARY, UNITED STATES TRAVEL AND TOURISM ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE

Mr. PETERSON. Thank you, Mr. Chairman, and members of the subcommittee. The United States Travel and Tourism Administration appreciates this opportunity to participate in this field hearing of the House Small Business Subcommittee on Exports, Tourism, and Special Problems.

The subject of this field hearing, Tourism in Rural America, is an important issue which deserves more attention than it is given. Your deliberations today demonstrate your deep respect for, and recognition of, tourism's potential as an economic development tool, as well as a leading economic force in rural America.

In 1984, when USTTA began conceptualizing its "America. Catch the Spirit" campaign, market research carried out in primary overseas markets showed that foreign visitors wanted to meet America's people and explore America's vast and contrasting lands.

In launching the "America. Catch the Spirit" campaign, USTTA responded to those consumer interests and introduced, first to the Germans, later to the French, the Italians, the British, the Japanese and others, the treasures of America. Rural America, its farms, it prairies, its mountains, its lakes, its people, that is where foreign visitors catch America's spirit.

Seven years ago, USTTA, then the U.S. Travel Service, joined with the Economic Development Administration, the Small Business Administration, the Department of Labor, and the State of West Virginia to publish a manual called, "Creating Economic Growth and Jobs through Travel and Tourism."

The authors of this manual, like you, Mr. Chairman, recognized that the fastest growing sector of the United States economy is travel and tourism.

Two recent significant socioeconomic trends, rising discretionary incomes and increasing leisure time, have often been cited as major contributors to the growth of travel and tourism. And because of such trends, travel industry growth has occurred in many areas with little or no planned development effort.

Many regions and communities can expect the travel industry to become an increasingly important source of economic growth, jobs, tax revenues, and, in general, a more significant part of the fabric of community life.

While it is probable that certain areas will experience some of these effects, whether or not they take an active part in fostering the growth of tourism, most areas cannot assume that such benefits will accrue simply because the travel industry will continue to grow.

Current economic conditions and social changes suggest more strongly than ever that communities and regions will have to take an active part in fostering the growth of tourism.

There are a number of incentives for playing an active rather than a passive role in tourism development. Experience in other nations has shown that a higher rate of growth can be achieved with integrated planning and coordination than without it.

Effective analysis and planning can help to assure that growth in tourism will be compatible with other components of community life; industry and business, culture, citizens' goals and perceptions, natural resources, and other environments that are unique to each community.

Measurement of an area's resources, potentials and environments provides a benchmark against which to assess progress and to make strategic adjustments to accommodate and/or take advantage of unexpected changes in either the local environments or the external forces from which demand for travel and tourism resources is derived.

For many communities, especially in more rural areas, tourism may be the best option for growth and new jobs, but this will not be achieved unless catalyzed forces are brought together in an organized strategy.

Plans are most likely to be effective and to be compatible with all of the environments of a community if they are designed by people who live in and have a personal commitment to the community, rather than by outside agencies, organizations, or State or Federal governments.

For many areas of the United States, particularly for the more rural areas and small towns and cities, economic growth through traditional industrial development is neither feasible nor practicable. Travel and tourism is an industry which appears to have one of the greatest potentials for such areas, because it does not have to depend on large scale existing infrastructures such as electric power and other utilities, high volume transportation systems, or a large and trained labor force.

Tourism development, if properly planned can both enhance the rural environment and feature positive aspects of the environment which otherwise might be overlooked.

A variety of activities are needed to design and implement a tourism development strategy. These include gaining community cooperation and inputs, developing a base of information, analyzing and interpreting this information, specifying a marketing plan, including both short run and long run components, identifying potential sources of funding for implementation, and gaining the support of these funding sources.

This manual, Mr. Chairman, although it has not been reprinted or updated since its first publication is an invaluable guide to those who recognize the potential that tourism holds for their community and who wish to see that potential developed to its fullest. Mr. Chairman, USTTA is pleased to make this manual available to the subcommittee for use as it sees fit.

Another valuable resource available to help rural communities develop their tourism potential is a USTTA/EDA sponsored publication written by the University of Missouri called, "Tourism USA, Guidelines for Tourism Development."

USTTA provided your office, Mr. Chairman, with several copies of this valuable publication. I recommend it as essential reading for those who are serious about the success of the tourism industry in their community.

Mr. Chairman, USTTA's primary mission is to increase the contribution of the tourism and recreation industries to economic prosperity, full employment, and the international balance of payments to the United States.

To achieve these goals, the USTTA is required to establish facilitation services of major ports of entry into the United States, consult with foreign governments on travel and tourism matters, and in accordance with applicable laws, to represent U.S. travel and tourism interests before international and intergovernmental meetings.

USTTA develops and administers a comprehensive program related to travel industry information, data services, training and education, and technical assistance. USTTA maintains a program that receives information on a continuing basis from the tourism industry including consumer and trade associations regarding needs and interests which should be met by the Federal agency or programs, and directs that information to the appropriate agencies or programs.

And finally, USTTA seeks to encourage to the maximum extent feasible travel to and from the United States on United States flag carriers.

These are goals and objectives which serve large cities and small rural communities. These are goals and objectives which serve the large travel conglomerates and small travel enterprises.

As you know, Mr. Chairman, most of the more than one million businesses which make up the American travel industry are small businesses. Most of these enterprises, 98 percent, do not participate in the travel export market for a variety of reasons.

USTTA works tirelessly to reduce and eliminate those reasons. And why? Because USTTA believes that the harder American travel businesses work to be successful in the international market, the more successful they will be in the domestic travel market.

A few years ago, USTTA created and published a guide called, "Developing a U.S. Regional Approach For Promoting Travel From Foreign Markets."

The regional concept outlined in this publication is the cornerstone of USTTA's efforts, bringing to the export market more destinations and more travel businesses as partners.

That is why USTTA works with the States, the cities, travel businesses, and others, to develop new travel products to put on the foreign retail and wholesale shelf, as we are with the State of Missouri, along the Great River Road, and in America's heartland. As we are with the Old West Travel Foundation, Foremost West, and the State of Colorado. And as we are with the George Washington Country Region and the State of Maryland. And as we are with the State of Massachusetts and the other New England States.

On February 24, President Reagan and Commerce Secretary C. William Verity, and a bipartisan group of business and congressional leaders launched one of the most timely and important initiatives of this decade.

It is a program based on the ever improving quality of American products, on the ever improving competitive advantage of American products in the world market, and the improved exchange rate of the dollar. It is called Export Now, and it is a program that institutionalizes every effort that USTTA undertakes to position American travel companies in the international travel market.

Tourism is America's largest business export. In 1987, U.S. tourism exports generated $19 billion in international trade receipts. That means that 28.5 million foreigners came to the United States spending their money buying seats on American flag air carriers, buying meals in American restaurants, driving American rental cars, buying goods and services in American retail outlets, and staying in American hotels, motels, and resorts.

So now is the time for America's travel industry to throw itself head-long into the export market, and USTTA is prepared to help.

Mr. Chairman, I ask that the balance of my statement be entered into the record as if read, and I just simply tell you, sir, that we are pleased to have this opportunity to be here today. I would be pleased to take any questions that the subcommittee may have.

Chairman SKELTON. Mr. Peterson, thank you. Your statement will be included in its totality.

[Mr. Peterson's statement may be found in the appendix.]

Chairman SKELTON. Larry Henson, the United States Forest Service.

TESTIMONY OF LARRY HENSON, ASSOCIATE DEPUTY CHIEF, WASHINGTON OFFICE, FOREST SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. HENSON. Mr. Chairman, I would like to preface my remarks by expressing my pleasure at being here. I have spent 15 years of my career working in the Ozarks of Missouri, Southern Illinois, and Arkansas. So it is like coming home, and it feels good to be here at this time of the year in a beautiful city like Lexington.

Mr. Chairman, we appreciate this opportunity to discuss the role of the Forest Service in tourism in rural America. As part of this discussion, I would like to tell you how our new National Recreation Strategy links with rural tourism and economic development.

Concern for the economic stability of local communities has long been the policy of the Forest Service. It was reflected in the direction given by Secretary of Agriculture Wilson to Chief Forester Gifford Pinchot in 1905 when the Forest Service was first established.

Secretary Wilson directed that: "In the management of each reserve (National Forest) local questions will be decided upon local grounds . . . sudden changes in industrial conditions will be avoided by gradual adjustment after due notice."

Community stability is not built on a single industry, whether it be timber, minerals, or recreation and tourism. The key to community stability is a diverse economy, an objective that is in harmony with our multiple use charter.

We are strongly committed to a balanced program of multiple use as a means of maintaining economic diversity in communities dependent on the National Forests.

When we think about tourism, we think about recreation. But it is attractions that bring tourists. Without a marketable attraction, tourism is not a viable economic option. The National Forests have an abundance of attractions, such as recreation facilities, fish and wildlife, scenic beauty, lakes and rivers, and cultural and historic features, and many other resources that attract people to our forests and rural lands.

The National Forests, as you well know, are a big part of America. There are 191 million acres. That is an area roughly equal to 5½ times the size of the State of Arkansas. National Forests are geographically located throughout the United States, 43 States have at least one National Forest.

The National Forests are truly America's great outdoors. They represent the prime outdoor recreation lands in the United States making up about 8.5 percent of the Nation.

Incidentally, right here in Missouri, you have the Mark Twain National Forest, which is close to 1.5 million acres, and in Arkansas another 2.5 million acres of National Forest.

Already more people recreate on the National Forests than on any other public land. Yet the National Forests are far from reaching their full potential in meeting the growing outdoor recreation opportunities of the American people. There is a lack of awareness of the many great opportunities available in the National Forests.

Our challenge is to get the American people together with their land in a way that best meets their growing and ever changing outdoor recreation needs, and to reach out to the foreign visitors that we have already noticed are growing in magnitude at our major attractions.

In recent months, the Forest Service has been actively exploring a bold, new, innovative way to better serve the American people. We have a new direction that recognizes and will build on the outstanding scenic, recreation and wildlife values of the National Forests.

The result of this work is what we call a new Recreation Strategy for the National Forests. The Recreation Strategy is a framework for managing recreation on National Forests within the context of a full multiple use mission. The objective, our objective, is to find creative and imaginative ways to enhance the outdoor recreation opportunities on the National Forests. The strategy is focused on six key areas, the customer, marketing, partnerships, the recreation setting, services, and technology. And these key areas, of course, are fundamental to any tourism initiative.

As part of the National Recreation Strategy Project, we met with hundreds of people inside and outside the Forest Service. We studied their ideas and capped the effort with a National Recreation Symposium at Lake Geneva, WI last fall.

The symposium attendees, representing the Forest Service and representatives of the outdoor recreation community, gave us some excellent advice. They told us that the public is changing, find out what the customer wants, do what you do best, take care of the wonderful resources that you have, and build on past good work. And they said get on with the job.

The Forest Service is acting now to raise the level of cooperation between the business community and the agency in promoting tourism in rural communities. One of the key elements of the Forest Service strategy is a heavy reliance on private enterprise and partnerships.

We are forming partnerships with State governments, communities, the private sector, and individuals. Partnerships, people working together to achieve common goals to provide recreation opportunities, are our preferred way to provide better customer services and to expand the recreational opportunities in the National Forests.

These partnerships can take many forms, such as private businesses investing in new recreation facilities on the public land, management of publicly financed facilities by nonprofit organizations, and community volunteers, to name just a few.

The possibilities are infinite. We believe that forging these partnerships with customer service as a paramount objective is the most effective way to promote tourism in rural America.

Enhanced attractions and public service are only part of the tourism story. The other part is informing people about the attractions and services available, otherwise known as marketing. National and international information sharing and dissemination is the key to opening up our collective resources for more people to enjoy.

Again, partnerships are the key to action and success. Few can go it alone. In order to market a commodity, we must identify an opportunity, package it, and then advertise it. How do we get folks off the freeway to discover the scenery of our rural communities and forests? Packaging information about small, logical discovery loop tours would work in many areas.

Even the Mark Twain National Forest here in Missouri, which straddles the scenic and history rich Ozark Plateau, needs to be packaged and marketed as recreation adventures.

Who could turn down an opportunity to explore an area populated with warm friendly people, of diverse landscape, with connecting ridges, granite knobs, hills, open glades, deep hollows, clear cool flowing streams, and dotted with numerous springs, caves, and sinkholes of the Ozarks? People just need the knowledge that it is there.

By working together, information regarding all of the recreation attractions in a given region can be exchanged, consolidated, and disseminated to the public. The private sector could provide publications about these resources.

The Forest Service with its capable staff of biologists and interpretive specialists could provide information pertinent to the National Forests. The local communities could provide information on attractions and services within the incorporated areas. Appropriate State tourism agencies, such as the Missouri Division of Tourism, are an important ingredient, perhaps a key ingredient, in any such effort.

The point is, Mr. Chairman, that strong partnerships are needed all across America to market local attractions, and we want to be involved. We have several ongoing cooperative programs at the national level. We have been involved in literally hundreds of cooperative ventures across the country involving the entire spectrum of cooperators, the private sector, the chambers of commerce, civic groups, volunteers, and individuals. We are extremely eager to do more.

In summary, let me state that we are excited about our new Recreation Strategy. We are enthused and committed. We are willing to try out new ideas and new approaches. This new direction for the National Forest opens up doors of opportunity for us in our thinking, and in our work, and in our relationships with private enterprises, local governments, organizations, and individuals. We are convinced that these opportunities will lead to an enhancement of rural tourism and community stability.

Tourism in rural America is unique, it is exciting, it is packageable, and it is marketable, and its time has probably come if we work together. A climate that fosters partnerships is the key.

Thank you, Mr. Chairman. This concludes my testimony, and I would be pleased to answer any questions.

[Mr. Henson's statement may be found in the appendix.]

Chairman SKELTON. Thank you, Mr. Henson.

Before we go to questions, I might say that there are some extra seats up here, some over here, and a few more on this side for those of you who would like to use them. I might also mention that testimony of the various witnesses, or at least some of them, together with the publications mentioned by Mr. Peterson, are available for the media and for representatives of communities and organizations that might find them useful on the table over here on the left. So feel free to take them.

Mr. Mavroules.

Mr. **Mavroules.** Thank you, Mr. Chairman.

Let me commend both of you gentlemen for your excellent testimony this morning. I am going to be very brief in my questioning, and I think that the question could go to both of you.

Mr. Peterson, on page 5, you use the term properly planned, and I am sure that Mr. Henson would be thinking in those veins. What I would like you to do, if you could, very briefly is articulate even more, what can the Government do, what can you do within your jurisdiction to assist the local community? You talk about getting people off of the highway. Are there funds available for the free flow of transportation? That kind of thing I believe is very necessary for any program to work and be properly planned.

Could you get into that just a little bit, so that we can have a better idea of what your service can give to the community?

Mr. **Peterson.** Congressman, as you know, the U.S. Travel and Tourism Administration has a very, very small budget. And so we, as the Forest Service does, rely quite extensively on private-public partnerships. One of the ways that we make that private-public partnership work to develop the tour product to get it on the shelf is that we organize a series of eight to nine regional conferences bringing together representatives of State travel commissions, representatives of city convention visitors bureaus, local chambers of commerce, and individuals who themselves are in the travel business.

We set them down in these regional conferences to take an assessment of the touristic features of their region. We try to identify the greatest assets that are in that region, then on a cooperative basis, we attempt to develop itineraries, develop promotional programs, and develop means to get that tourism product known and promoted, principally for our mission in the overseas market. But in developing that product, it then makes it possible for the local community, for the State, and for the industry in that region to better package themselves for the domestic market as well.

Last year, we brought some 3,500 public and private sector partners to the table in that effort. We contributed out of our $11 million budget approximately $2 million which was used as seed money combined with the contributions of almost $11 million from those 3,500 private and public partners. We were then successful in putting a number of cooperative promotional programs into the overseas market, putting new tours and travel itineraries into the overseas market, putting very exciting, and brand new for the United States, television advertising campaigns much like we see for Canada, and Australia, and the like, on our own television here in the United States into the German, and the U.K. and the French markets, and now into the South American markets.

So that is the kind of thing that we do at the grassroots level. Then we take that regional concept and we culminate it in an international marketing conference in February. We just finished our conference the week of February 20, wherein we brought overseas travel wholesalers and retailers to the United States to meet with representatives of the American travel industry, representatives of States and communities, and talk about specifically what is it that the overseas market wants, and specifically how do we take that individual destination or that individual travel business and get it positioned on the shelf overseas.

So that in combination with the guidance that we provide not only through the manuals that I have discussed here but through the willingness of USTTA to come out and work with the States and the communities and be present at forums like this are examples of the way that USTTA goes about trying to help.

Mr. **Mavroules**. I am going to ask Mr. Henson to reply. But before that, I notice that you did not mention Japan, and I understand that they had about two million people here last year.

Mr. **Peterson**. Japan is our fastest growing market. Last year, Japan produced for the United States a $1.2 billion trade surplus in tourism. It is third in ranking in terms of foreign visitors coming to the United States; Canada is first, Mexico is second, and Japan is third. We fully expect that within two years that Japan will overtake both Mexico and Canada. And by 1990, we fully expect Japan to be generating for the United States about a $2.5 billion trade surplus in tourism.

Mr. **Mavroules**. Mr. Henson, would you reply to my question, do you have anything to add to it?

Mr. **Henson**. Congressman, regarding the question of properly planned, I would have to say that from my perspective that the National Forests have not properly planned initiatives at improving tourism. And I would say also that it has probably not been properly planned throughout the United States. It is too fragmented. We have many entities all trying to do their thing and attract tourists. It is almost competitive to the extent that it stays fragmented.

I could give you just one little example. Back in the mid-1970's as a Forest Supervisor in Arkansas, we spent $11 million of the Federal Government's money creating something called Blanchard Springs Caverns. It is on the magnitude of Mammouth Cave. Yet I would venture to say that most of the people in this room have not heard of Blanchard Springs Caverns. And it is a major economic generator to that part of Northeastern Arkansas.

But that to me is symbolic of the problem that we have in tourism. We will not cross State boundaries with our initiatives. We have some excellent State tourism organizations. But again, I think that it is too fragmented. So I would look for initiatives that bring things together and take an aim at foreign markets. That is probably the best way to get people to work together.

Mr. **Mavroules**. Thank you, gentlemen.

Thank you, Mr. Chairman.

Chairman **Skelton**. Thank you.

Congressman Mfume.

Mr. **Mfume**. Thank you very much, Mr. Chairman.

I have a couple of questions for Mr. Peterson, and just one for Mr. Henson.

Mr. Peterson, recognizing the fact that USTTA has, to a large extent, a limited budget—I think that we were talking yesterday about you being somewhere around $11 million a year—and recognizing the tremendous need in this country, particularly in rural areas to develop tourism, have you within USTTA or anyone in the Department of Commerce thought about or worked toward developing a rural action plan targeted for communities that have special needs, and are in position unlike perhaps a port city or somewhere else where you are going to get a number of tourists, to be able to increase the industry and increase the amount of business that you are doing or that the communities are doing?

Mr. PETERSON. I have to say, Congressman, that because of both our limited budget and in turn our limited staff that we have had to rely for the most part on the States and the local chambers and local city convention visitors bureaus to carry that ball for us.

We attempt to raise through our various programs the level of consciousness about the potential for tourism. We attempt to provide guidance and counsel in terms of how those entities can go about developing their action plans. But in terms of being able to actually come into the communities and come into the States and sit down with the people and say to them, to use Mr. Henson's example, you have this marvelous forest here, you have this marvelous cave here, this is exactly how you ought to market it, we do not have the capability at the present time to do that.

We would very much like to do that. We have the mandate under the National Tourism Policy Act to do that. But because of our limitations, we basically have to focus our energies on where the greatest potential is at the present time.

Mr. MFUME. Do you serve as a catalyst perhaps in terms of distribution of information connecting the various chambers of commerce so that there is some sort of data sharing?

Mr. PETERSON. Absolutely. We encourage that. And whenever or wherever possible, we try to put ourselves at least in the position of being a clearinghouse.

Mr. MFUME. Now on page 5, you talked about the publication of the manual itself.

Mr. PETERSON. Yes, sir.

Mr. MFUME. And you indicated that it has not been reprinted and it had not been updated since its first publication.

When was the first publication?

Mr. PETERSON. The first publication was approximately 1981. It is probably the best guide that there is in the industry.

Mr. MFUME. And let me, if I can, just call your attention quickly to page four of your testimony, item four on that page, where you suggested that for many communities and especially rural areas that tourism may be the best option for growth, but would not be achieved unless catalyzed by an organized strategy.

I assume that USTTA then has pretty much identified the components that make for a good strategy; and if so, can you share those with the committee briefly?

Mr. PETERSON. Yes. We believe that the strategy that we use to develop the U.S. tour product for the overseas market is a strategy which is applicable in the smallest of environments, in the most rural areas as well as in the large urban areas. It is a strategy which recognizes that while the industry is a very competitive entity that by people pulling together and recognizing that there is more to be gained by working cooperatively than to fighting independently that a community, a State, a region can put its best foot forward, can take advantage of the limited resources that each of the individual entities within the industry may have, and can project itself first as a destination. And once the destination is known to the consumer, then each of the individual travel services within that destination has the opportunity to better market itself.

But the first thing that you have to do is heighten the awareness that your destination exists. If prospective visitors do not know that, they are not going to rent your motel room, and they are not going to buy your meals, and they are not going to rent your cars, or buy your commuter airline, or take the bus or whatever else to get to that destination.

Mr. **Mfume**. Mr. Henson, I was glad to hear of the Forest Service's advocacy of partnerships. You know, we try to encourage that in other areas that go far beyond tourism.

What has been the general reaction from the private sector towards partnerships? Are they as quick to suggest that that might be the way for the future, do they recognize short-term and long-term benefits, or do you have to go in and pretty much tell them based on their own particular business how it benefits them, and then hope that they will come on board?

Mr. **Henson**. We do not have to do much talking to the private enterprises to get them excited about working with us. Their reaction is extremely enthusiastic. We have a history of partnerships. Most of the downhill ski areas of Colorado, for example, are built in partnership with National Forests on National Forest land.

But more recently, we have reached out beyond things like that, and Congress helped us to do that. In fact, last year, Congress gave us $500,000 and said go find some partners to cost share this $500,000 to create some recreation opportunities.

So with that $500,000, we asked our Forest Supervisors to go do that. And the Forest Supervisors found partners with $900,000 to match our $500,000 to help create more recreation opportunities throughout the National Forests.

Mr. **Mfume**. Do you have any idea what you can do here in Lexington?

Mr. **Henson**. Well, unfortunately, the National Forest does not have any jurisdiction here in Lexington. We are down in southern Missouri. There are things that have been done. We have worked in southern Missouri with the little community of Ava. Working with the local people, we have created a network of motorcycle trails. And that attracts people from all over the State to go down there in the glades and use their motorcycle trails.

We have entered into a joint venture with a partner on the St. Francis River to provide outfitting and guide services to the public in terms of boats and that sort of thing. We have done a lot of that, and there is much more that can be done. And the reaction of the business community is very enthusiastic.

Chairman **Skelton**. Mr. Campbell.

Mr. **Campbell**. About the Forest Service, I can testify that they are a very integral part of our district. Virtually every one of the 32 ski areas—I think that all except maybe one or two—are built on National Forests. There are many towns out there virtually totally dependent on skiing as part of their income.

As I mentioned this morning, we have 45,000 employees just in the ski industry in Colorado. It contributes something like $300 million a year in taxes. And without the very active and congenial participation by the National Forests, we would be in very deep trouble.

They are now expanding out in our district, and I imagine in many others, too. As Mr. Henson said, they are becoming very active in chamber of commerce joint ventures and things of that nature. And the reception in our district has been just overwhelming.

I might add that some of the other agencies, too, in the Federal Government, such as the National Parks, also have very similar programs where they can enter joint ventures and help local communities, too, if people are interested in using other arms of the Federal Government.

I wanted to commend you for that, Mr. Henson. I think that you are just doing a marvelous job in the National Forests, and I am a big supporter of it.

I wanted to ask Mr. Peterson a question. I talked to you before we came in here about these very well-developed guidelines for tourism development. You were going to send me some of these copies. Could I also get some copies of the other manual, too, "Creating Economic Growth and Jobs through Travel and Tourism?" If you would send me some of those, too, I would appreciate it.

It seems to me you have already addressed part of it when you talked about these regional conferences that you do to try to help people to define what perhaps their goals ought to be in marketing their area. But I know from my travels that I often go into areas in which people who have been born and raised, and maybe they are second and third generation, around a town where they have something that would be very, very interesting to outside people, to tourists, that they often do not recognize it in their own community as having a value. It has always been there. You know, those caves have always been there. We used to go exploring in them when we were kids.

It seems to me that sometimes an outside objective view of the value of that as it would relate to potential tourists is the best thing that we could tell those people. That many times, they have a gold mine in their backyard, and do not recognize it, because it has always been part of the landscape. So I commend you for that approach to try to define those things.

I was interested in your comments about Japan. Because I lived in Japan for four years, as you probably know, and speak Japanese, and I was very active over there. One of the weaknesses that I see when we promote things into the Orient, and I spent some time in Korea, too, and in China, is that we often apply the logic of Americans to people in the Orient, and it just simply does not fit.

One of the things that we made a mistake on in Colorado, and maybe you have seen this in other parts of the country, is that we try to appeal to the individualist. And we market these marvelous beautiful posters saying get away from it all, come to Colorado. It shows a picture of a guy sitting by a stream out in the mountains all by himself under the stars, and that is about what most Americans want to do, they want to get away from everything.

The Japanese people do not want to do that. They are a social structure that moves in groups, as you may know. They become a little bit anxious and a little bit worried when they are isolated from the group. I do not think that we have really tailored our approach to getting Japanese tourists over here. Because what we are telling them maybe subliminally that you should be split off from the group. That sets up kind of a worry in Japanese people.

Maybe we could apply a little better logic to that, and try to tailor the programs that we are doing in these foreign countries to what they want, not what we want to sell them.

Mr. PETERSON. Your point is very well taken, and that, in fact, is one of the major challenges that our overseas directors constantly face. For example, our regional director who was based in Tokyo is constantly having to deal with this mentality on the part of the American tourism industry of let's market our product overseas just the same way that we market it domestically.

Mr. CAMPBELL. And it does not fit.

Mr. PETERSON. And American industry, whether it is tourism, whether it is automobiles, whether it is home appliances, we all have to learn that the most successful industry in the foreign market is the industry that markets to the consumer's needs. So we try very hard to get that point home to those who come to us for assistance.

That is one of the reasons we have structured our February conference the way that we have. So that our foreign resource people are there to tell the American industry that the Japanese want to go on ski vacations in Colorado, but they want to do it as a group.

Or that the French want to come to New York, but they want to do it in a different way than Americans do it. They want to come to Baltimore, and they want to come to Boston. They want to come to Missouri. But you have to understand that when they come, that they are going to do it in a fashion that is comfortable for them.

Mr. CAMPBELL. They can market the same thing, but we need to package it to the thing that they are comfortable with when they move.

Mr. PETERSON. That is right, absolutely.

Mr. CAMPBELL. May I ask you also, where is the February conference? Perhaps you mentioned it, but I did not hear it.

Mr. PETERSON. The February conference is in Washington, DC.

Mr. CAMPBELL. I have no further questions, Mr. Chairman.

Chairman SKELTON. Thank you very much.

I do thank you very much for your testimony and for traveling here. We hope that you enjoy the good Missouri hospitality.

I might make mention that I have discussed with Mr. Peterson the bill that I have introduced, H.R. 2357, which is a bill to establish, as you know, the Tour USA Promotion Corporation, which would be a nonprofit foundation similar to chartered organizations such as the American Legion, the VFW, and the Boy Scouts of America, which would assist in bringing in private funding. I hope that your organization will take a good look at it, and decide to back it in testimony sometime in the future.

Our next panel is B.H. Rucker, chief of historic sites, Missouri Department of Natural Resources; Beverly Milkman, deputy director for grant programs, Economic Development Administration, U.S. Department of Commerce; Judi Nicholas, president of the Lexington Chamber of Commerce; Ron Hawley, vice president of the Lexington Industrial Corporation; Russ Campbell, president of the

National Caves Association; and Harold Adkins, director of the Agricultural Hall of Fame.

Beverly Milkman is not here as of yet. Why do you not remove Beverly Milkman's sign, and make sure that everybody knows where we are.

We will start with Judi Nicholas, who is the president of our Chamber of Commerce here in Lexington. Judi.

TESTIMONY OF JUDI NICHOLAS, PRESIDENT, LEXINGTON CHAMBER OF COMMERCE

Ms. NICHOLAS. Mr. Chairman and members of the subcommittee, on behalf of the Chamber of Commerce, we would like to welcome the subcommittee to Lexington. We are pleased that you have taken the time to visit with us and listen to some of our input concerning tourism and economic development for our area.

Most of you are aware that Lexington has a historical past. It was settled in the 1820's and soon became a booming farming community and river town. Traders, fur trappers, and suppliers brought a brisk business to the community, which for a few years was the most western settlement outfitting wagon trains for the Santa Fe and Oregon Trail.

Many large beautiful houses and public buildings were built in the 1840's. This included the building in which we are standing. The Lafayette County Courthouse was completed in 1847 and is one of our focal points for Lexington.

There are over 100 antebellum homes still standing in our community. Prosperity was temporarily disrupted by the Battle of Lexington in 1861, when pro-south forces captured the town.

After the Civil War, Lexington became a mining and educational center. She has four historic districts listed in the National Register of Historic Places. As you can see, we have much to offer in the way of tourism.

Tourism is an important industry for Lexington and there are dollars to be generated through the marketing of this industry. Tourism would help to expand our economical growth, thereby stimulating future businesses, such as restaurants, service stations, hotels, motels, stores, and shops. This in turn will generate additional taxes which will be used toward better streets, curbs, schools, and parks. There is really no limit to the amount to which our community could benefit.

To help market Lexington, we have contracted to have two videotapes made, one for tourism and one which will give the necessary information to an individual or company considering locating in Lexington. We also send brochures and printed material to the seven tourist centers in the State, as well as auto club offices, motels, and tourist agencies around the country. A lot of information is sent to individuals requesting tourist information about Lexington.

Plans are underway to take advantage of the computer set-ups at the tourist centers. The necessary information will have to be compiled before these plans can be implemented.

Last year, we had a Uni-sign installed on I-70 to advertise our community, and a few months ago we had lights added so that the sign would be visible after dark. We advertise from time to time in outside publications on our community activities.

We arrange tours through the chamber office, and are currently working with the American War Dads on arrangements for their national convention in September. We have contracted some of our homes to open during the summer months for mini tours, and hopefully plans will work out for some bed and breakfast offerings in the near future.

There are many programs and activities in our community that are cooperative efforts. The Old Homes Tour, which takes place every two years; and the Battle of Lexington reenactment every three years. This is coordinated with the Department of Natural Resources. A reenactment is scheduled this year on September 17 and 18.

Harold's softball team has done much to help spread the word about Lexington, MO throughout the country. We have the River Festival every year. And the Wentworth Military Academy does many things to bring others into town. One impressive event is the Sunday dress parades on campus during the school year.

We work with the Lexington Community Betterment Program. And we are members of the Missouri Travel Council, and the Missouri Chamber of Commerce. We have an active Historical Society, which is currently working on a project to restore an 1830's log cabin which was found last year.

Our chamber secretary serves on the board of the Lafayette County Economical Development Authority as well as two of our prominent citizens. This committee tries to promote all of Lafayette County. Our Lexington Industrial Development Corporation is very active in promoting economical development in Lexington. We all realize it takes a united effort if we are to succeed.

The State has cooperated in our efforts to restore the log cabin with the Neighborhood Assistance Program which gives tax credits as an incentive for donors. We are also glad that the State has decided to put additional funds in the Battle of Lexington State Park by adding a visitors center, and eventually restoring the summer kitchen at the Anderson House.

One thing we would like to see is a better look by the State highway department into the marking of our State parks on the interstate highways. More tourism could be generated if all the State parks are identified by special signs along our interstates.

We would like to mention another effect recently, a Neighborhood Assistance Program to help restore and maintain our downtown area as well as some residential areas in our historic districts. With these funds available, it will help encourage others to fix up their buildings for future businesses.

We know that there are funds available at various times. However, there needs to be a better way of staying informed regarding the resources that are available. At the present time, it is hard to locate where to go and who to contact for information. We would like to see more focused on our rural and small communities. We do not have the manpower or resources to call upon as the metropolitan areas do.

We hope the information we have given you will give you a better insight as to our community and its needs. Thank you again for your time and effort, and we want to extend an invitation to visit with us again. If we can be of future help, please contact our Chamber of Commerce office. Thank you.

[Ms. Nicholas' statement may be found in the appendix.]

Chairman **Skelton**. Thank you so much.

I might mention to those of you who are witnesses who wish to put your entire statement into the record, it will be so put. And if you wish to summarize your comments, feel free to do so.

Ron Hawley, who is the vice president of the Lexington Industrial Development Corporation, is next.

TESTIMONY OF RON HAWLEY, VICE PRESIDENT, LEXINGTON INDUSTRIAL DEVELOPMENT CORPORATION

Mr. **Hawley**. Thank you. We, too, would like to extend to you appreciation for this event. We are certainly privileged to be able to testify today. As the Congressman has indicated, I am representing the Lexington Industrial Development Corporation. It is a nonprofit corporation composed of local stockholders who elect a board of directors to carry out efforts to develop existing industry, and foster new industry, and recruit movement of industry to Lexington.

Our testimony today would be that the use of existing tourism and further development of tourism would certainly be a viable tool for economic growth and development in our community. The current level of cooperation between the business community and government in promoting tourism in rural communities, however, could be described as disjointed at this point.

The economic importance of tourism to our community cannot be overstated. As previously testified, Lexington has a rich historical heritage represented by many historical commercial buildings, houses, and the Civil War battleground which is currently a State park.

In addition, we have a museum that exhibits perhaps the finest collection of Pony Express memorabilia in the country. We also boast the home of the Madonna of the Trail statue marking the Santa Fe Trail, and one of the actual cannons from Old Ironsides located in one of our local parks.

We feel that fully developed tourism in Lexington would mean thriving antique dealers, restaurants, motels, and other ancillary businesses, and possible population increases. With our one-cent sales tax, this translates directly to financial gains for not only our private enterprises, but also for the city government and, potentially, our school system.

Currently, the proposed marketing and support efforts that LIDC brings has been those in support roles for the area Chamber of Commerce, the city government, and any other entity that wishes to pursue economic activity in Lexington.

We have donated funds and helped in the creation of brochures for the city of Lexington, and for a fact book for the city of Lexington. We are currently also developing a videotape which focuses more on the business aspects and the business prospects of Lexington, which will exhibit our strengths. It will be available for seminars, conferences, business prospects, and those types of things.

LIDC is usually represented at the annual Governor's Economic Development Conference trying to promote Lexington, and to find new ways to put Lexington in a competitive position for economic development.

The Lexington Development Corporation has participated in the community betterment project, the Lexington Historical Association, the Chamber of Commerce. We, too, have donated and will continue to help donate support of the I-70 sign which we have on I-70 promoting Lexington.

We are a Hawthorne Foundation donor in the State economic program. We have participated in the Community Development Bloc Grant, Neighborhood Assistance Program, the Main Street Program, and Missouri Industrial Development Corporation. And on the national scene, we are, as mentioned before, designated National Historic Register on several houses and commercial areas in town.

As mentioned earlier, we think that at this point that the efforts to promote tourism in this area have probably been a little bit disjointed. An example of that would be that the State is in the process of spending over $1 million on developing a tourism center for the State park.

However, we have not been able to convince the State that we need to have a sign on I-70 designating the State park as being in Lexington, a mere 15 miles off the interstate system. And we feel these kinds of things are very necessary to coordinating tourism in our area.

Federal Government programs have only touched Lexington through the several designated structures on the Historic Register. Otherwise, as far as we know, the Federal programs have not been a major factor in tourism development in Lexington.

In summary, we feel that Lexington has a vast potential for the tourism industry. While efforts are being made to develop this industry, much of the effort lacks coordination between city, State, and Federal programs. And we feel that we fall a little bit short in developing that potential.

As several of the gentlemen have testified earlier, we feel that education of our citizens, awareness of State and Federal program availability, local initiative and coordination of effort are some basic components to the formula that needs to be made to accelerate our community into a vital and a necessary tourist economy for our area. Thank you.

[Mr. Hawley's statement may be found in the appendix.]

Chairman SKELTON. Thank you.

Congressman Mavroules has a comment.

Mr. MAVROULES. Mr. Chairman, I have to be leaving in a few moments. I am told that I have to get on my way to the airport to catch my flight back to Boston. Please forgive me, those of you who I will not be present for. I truly appreciate your testimony here this morning, and I will study it very closely with the chairman and with my colleagues when I get back to Washington. This input is extremely important to us. I might tell you, Mr. Hawley, that I saw that cannon that you took out of my backyard up in Boston. [Laughter.]

So I guess that I better put you all on notice that you better guard it 24 hours a day. I will be back in the dead of night some night, and look out; maybe it will be on its way to Boston.

Thank you for having me, and please forgive me. I thank you very much. I have to be on my way. Thank you.

Chairman **Skelton**. Thank you so much, Congressman Mavroules.

I wish to introduce for testimony B.H. Rucker, chief of the historic sites, Missouri Department of Natural Resources.

TESTIMONY OF B.H. RUCKER, CHIEF, HISTORIC SITES, MISSOURI DEPARTMENT OF NATURAL RESOURCES

Mr. **Rucker**. Thank you, Mr. Chairman. I am here today representing Wayne Gross, the director of our division, who is detained at the capital on State legislative business. I think that I have filed his written statement with you.

Chairman **Skelton**. As I mentioned, without objection, we will ask that the written testimony of each of the witnesses today, and let the record so show, will be put in the record in their entirety, and comments made by the witnesses in person will be added thereto.

[Mr. Gross' statement may be found in the appendix.]

Mr. **Rucker**. I would just prefer to visit informally with you, if I may. I brought my lunch in case I go on too long. [Laughter.]

The Missouri Park System has been intimately bound up with tourism since it began about the turn of the century. We have always been aware of this, and we understand the importance of our mission is twofold. That we have a primary mission to preserve, protect, and safeguard the heritage, both natural and cultural of our State. But we also understand that preservation of the heritage is not of much significance if the people of our State and our guests do not see it and use it.

So we have always been well aware of that dichotomy in our mission. We have also known that this has a lot of economic importance to the local communities that are our neighbors. Some 15-20 years ago, an informal study was made around one park, and it surprised everyone to the extent that the local economy was supported by visitation to the park. The effect was somewhere around $12 million per year, which made us one of the major factors in their economy, and I do not think that we were even aware of this impact.

One time when one of our parks was badly flooded, we were told that we should put an announcement on the radio saying that the park was closed because of the flood, which we did. I never knew that there were that many motels in that part of Missouri, and all of them called in outrage that they were not closed. That simply by closing our park and saying so, we killed everybody's business for miles around.

So we are well aware of the tourism connection. In a cooperative venture with the Federal Government, as we heard from the gentlemen from the Forest Service, a study called the Public Area Recreation Visitors Survey [PARVS] is being conducted with local governments being able to participate in the survey by cost sharing. Thus we were able to get a statistical analysis of our own attendance in the State parks at the same time the Forest Service was studying their own areas.

This proved to be very interesting. It gave us a number of facts that really demonstrate the importance of tourism in a rural economy. The whole study was a large document, so I will only tell you a couple of things that came out of it.

The State park system in Missouri, 74 units spread over the State, is now experiencing about 12 million visitor occasions per year, a term that is a little hard to define. But it means basically that 12 million times a year, a visitor interacts in some way with one of the parks. The difficult thing is to know exactly to what extent the interaction occurred. They may have just driven through it to look around, or they may have spent the day at a picnic. But 12 million times a year, this is happening.

There are harder numbers that are available. For example, one million people spent the night. That is a hard figure, because a fee was charged and the number can be verified. The 12 million number only has some statistical validity for comparative purposes.

In the PARVS study, it was indicated that each of those 12 million visits represented an expenditure of about $10. Obviously, some people spend a great deal more, and some less. The overnight visitors reported an expenditure of about $50.

It is real easy to see, though, that with 12 million visits, the State parks are contributing somewhere in excess of $100 million into the economy of the localities where we have units.

Taking a very conservative multiplier of two, and a lot of people use as high a figure as five or seven, they are having an impact on the order of several hundreds of millions of dollars per year in rural areas of our State.

Three-fourths of all of the 12 million people who come say that the only reason that they were there was to come to the park. This indicates a strong magnet attraction by the park system itself, that it brings three-fourths of 12 million people to local areas just for that reason. Presumably, the other fourth are driving through on their way somewhere else and just stop in.

And 37 percent of these people come from more than 75 miles away. That is important, because that means a tank of gas sold and it means a stop for lunch. Over one-fourth of the 12 million come from outside of our State.

With all due respect to the other members of the committee, that is the best kind of money to have. We are especially interested in that.

All in all, the data is now available to simply prove the enormous importance of tourism to the rural economy. We have the data on the park system, and there is a great deal of touristic activity that goes on that does not involve us, but the pattern is quite clear.

Leaving aside for the moment the issue of the quantitative factors in the park system, it is our opinion that tourism is an extremely valuable tool to stimulate rural economies for a number of reasons, one of which is the general trend in the United States away from manufacturing and towards a service economy.

We have seen that in Missouri. I know when I was a boy, every town in the Ozarks had a shoe factory. These are all closed now. I do not think that there is one left. There is a need in these small communities and rural areas to diversify their economy or they will not have an economy.

Tourism lends itself very well, and for a couple of reasons. One, it does not require a lot of high technology training. The people who are going to work in the industry do not have to be nuclear technicians. But they have to be friendly and hospitable, and they have to like people, and they have to want to see visitors come. Those are all attributes that we have in great abundance in rural Missouri. We like people. We like to have company.

Second, it does not require an enormous capital investment. It requires capital, but most of the capital investment is simply the resource itself. It is the natural beauty that is there. It is the historical structure or site that is there. It does not require $2 billion for a factory building.

Thinking locally, what is the cannon ball in this courthouse's column worth, how much did it cost? Well, it cost quite a lot actually. It cost the time of 15,000 men to come here and fight for a number of days. It cost the lives of several score of them. My own great-great uncle had an arm shot off right here in Lexington. It cost probably millions of dollars in pay and ammunition.

So there was a cost to have the cannon ball shot into the courthouse column. The benefit now is that the cost is already paid. It was paid 120 years ago. To not capitalize on the tourism value of that investment that is already here is crazy.

The same thing is true all over the Ozarks of Missouri. The scenic and natural beauty that is there is free. It does not require Chrysler, Ford, or anyone to invest $100 million. It is simply there.

So we think that tourism is ideal in that economic sense. It also comes close to being an impossible concept, like perpetual motion. It provides a resource that renews itself over and over. As long as it is used carefully, it never wears out. So you have a resource that can contribute to the economy on an indefinite basis.

A final thought regarding that. Out of the pilot study came an interesting fact that 95 percent of all the State parks in Missouri are in rural areas.

Other than two units, one in Kansas City and one in St. Louis, most of our units are way out in the country. But 60 percent of all of the in-State visitation at the parks, that is, 60 percent of all Missourians who visit the parks come from metropolitan statistical areas.

So the interesting thing is that tourism serves as kind of a leveler. It brings money from the cities where there is some manufacturing base to the economy, and it brings it to the country where there is not. So it acts in a real nice way to create a dynamic equilibrium in the economy between our rural and our urban areas.

In the park system itself, we have worked very hard over the years to plan and to follow up on the kind of advice that Mr. Peterson gave. We have a very active marketing strategy and work very closely with the State Tourism Commission.

I can give all of you a little update on the highway sign problem that was discusssed earlier. We have gotten into this in a big way, and it turned out that all the highway department needed was money.

Chairman **Skelton**. All we want to know is when we are going to get a sign out here.

Mr. **Rucker**. It is already ordered. The only requirement was that we had to agree to pay for it. So we will have four signs at the corner of I–70 and Highway 13 leading the Civil War buffs of the world both to the Battle of Lexington and to the Confederate Memorial at Higginsville. The sign will cost about $64,000, about $16,000 for each of the four corners.

About the only issue that the highway department was interested in was to have someone pay for them. They were not philosophically opposed to it.

Our strategy of recent years has been to try to find the money in our budget that is required to dc that sort of marketing. It is not free. Someone has to pay.

We do things like the litter bags that we give out, and we do pencils and balloons. We send them out to the schools, and we have the kids take them home to the parents. We print an increasing number of brochures and leaflets. We have a State park movie. We have gone into marketing in a big way. We have had a very positive relationship with our State Tourism Commission.

Finally in closing, I would like to thank all of you for coming to Missouri. We are glad to have you here. On the backs of our signs, it says "You Are Always Welcome In Missouri State Parks."

I have brought along one of those signs. We say it, and we mean it, and we think it. If our visitors do not sense it when they are there, then we are not doing our jobs properly. We made this one (replica sign) for you, Ike, and hope that you will take it back to Washington, and let people know.

Chairman **Skelton**. That is great. Thank you so much. We appreciate you being with us this morning, Mr. Rucker.

Mr. **Rucker**. Thank you.

Chairman **Skelton**. The president of the National Caves Association from Fantastic Caverns, Mr. Russ Campbell.

TESTIMONY OF RUSS CAMPBELL, PRESIDENT, NATIONAL CAVES ASSOCIATION; ALSO GENERAL MANAGER, FANTASTIC CAVERNS

Mr. **Russ Campbell**. Mr. Chairman, I represent the National Caves Association, an association composed of small businesses both public and private. Our largest attractions have been around half a million. But by far the largest category of our membership is below 40,000. We have 65 members, and the majority have annual attendance below 40,000.

You will be pleased that I am going to summarize my remarks here. I am very gratified that I have heard a lot in the testimony today about the caves. The Forest Service will be very pleased to know that I am well acquainted with Blanchard Springs. I can testify to the quality of the relationship that they have with the private sector.

But I am a technician. I am the first representative of the private sector to testify today. And being from the Ozarks, I am a practical sort of fellow. So I am going to get to the points that I would like to make.

We were talking about directional signs a minute ago. Rural attractions, and I represent rural attractions, as caves are sited not by demographics but by geology. Most of us are not located where we would like to be. We are, by our nature, promotionally intense. The markets are there, and we are here.

We spend an inordinate amount of our budgets and an inordinate amount of our time convincing folks to come from the metropolitan areas to the rural sites. In my business, on average we are probably spending 25 percent of our gross receipts on marketing. In some years as high as 35 percent.

But one thing about rural attractions, and Lexington is a good example, one thing that we lack in our marketing plans, and I presell my visitors and most rural attractions do, is directional signing.

The Federal beautification law removed or greatly reduced the private sector's ability to sign key intersections. My marketing and all marketing plans are greatly reduced in their effectiveness if the traveler cannot find us.

I am pleased that Lexington is going to get their official signs. In the private sector, if the official markers are available at all the attendance criteria is very high, multiples of 100,000.

Here in the State of Missouri in the private sector, to qualify for an official on the right-of-way directional marker, you have to have an annual visitation of one million. That is representative of the national situation.

We have offered to pay for the signs. We have been to court. We have an injunction against the highway department. The national Transportation Department denied them (official directional markers).

So if I can send a message, and again excuse me for being blunt—that is the way that I was raised and that is the part of the country that I am from—put private attractions relative to directional signing on an even basis with the public counterparts. Either modify the beautification law, or give us equal access to official directional markers.

Now to carry my remarks one step farther. There are things looming on the horizon that we in the private sector see as potential barriers to travel. I think that we can all sit here and make a pretty good case for increasing the price of gasoline through the energy tax. I think that I could contribute to that conversation and we could probably arrive at a fair figure, whether that is 50 cents or $1 a gallon. But remember the last time we saw dramatic increases in the price of gasoline, rural tourism dropped between 30 and 40 percent.

I appreciate the opportunity very much.

[Mr. Campbell's statement may be found in the appendix.]

Chairman SKELTON. Thank you so much for your excellent comments.

Harold Adkins is the director of the Agricultural Hall of Fame, which is over in the adjoining State of Kansas. Mr. Adkins.

TESTIMONY OF HAROLD L. ADKINS, EXECUTIVE DIRECTOR, AGRICULTURAL HALL OF FAME AND NATIONAL CENTER

Mr. ADKINS. Honorable Ike Skelton, chairman; and good morning, ladies and gentlemen. It is with a great deal of pleasure that I appear before you this morning in this historic city in this great State of Missouri, which incidentally is my home State, the State I have lived in all of my life and that State that I intend to die in I guess. I really am proud of Missouri.

It is also a great pleasure to return a favor to Missouri's most honored and respected Congressman, Congressman Ike Skelton. We like Ike here in Missouri, in this section of Missouri, and we like him over in Kansas where I currently serve as executive director of the Agricultural Hall of Fame and National Center. It is about 18 miles west of downtown Kansas City.

Ike, incidentally, is on our National Board of Governors, as he has been for a number of years, and he has always responded to our calls for help. That is why I am pleased to return the favor of appearing before you at the request of Congressman Skelton. I welcome all of you to Missouri.

Tourism has been a hobby of mine all of my life, and an occupation for most of my adult life. I started out working for a large Kansas City advertising agency in the early 1950's and grew up with them. We started out with the Missouri Tourism account about that time and developed many of the concepts, slogans, and techniques that made our State one of the models of the industry.

Later on we developed the Kansas City Visitors Bureau which now operates as the Convention and Visitors Bureau of our city. And later on, you are going to hear from Mr. Griffin here, who will tell you more about Kansas City itself.

If there is anything that I know, it is the importance of tourism. There is absolutely, and I repeat absolutely, no industry in the world today that you can invest a little and get such a large return in such a short time. Basically, you take what you have and stir in a little imagination and you have a tourist industry. Most any area can do it. The more you have to start with, of course, the quicker and easier it is.

I have heard some wonderful testimony here today. I am absolutely amazed at the brains that you have managed to accumulate here today, Congressman Skelton. Mr. Peterson, and the gentleman with him, and the gentleman here from Missouri. I am bad on names. But I am absolutely astounded at some of the facts and figures. As I say, tourism has been my life-long hobby and occupation.

If any of you are following my remarks, I am eliminating the next paragraph. Because in talking on the phone, I misinterpreted the format of this. I was thinking that there was testimony and then questions of the individual instead of testimony by a group and then questions to the group. So I will eliminate that.

Now I am going to comment on some of the concerns that Congressman Skelton's staff conveyed to me in the letter of invitation, and I will do it by the numbers that they presented it in the questions posed to me.

The subcommittee's areas of concern include but are not limited to the following. Number one, the economic importance of tourism to your business and community. I would like to say one thing to remember from my testimony today. To put it in very basic rural terms, every tourist is equal to one acre of corn and a heck of a lot easier to pick. If you just remember that. [Laughter.]

In other words, for every adult tourist that you can entice to spend the day in your area, that area will enjoy more profit than from an average acre of corn in a good year. And you know, there are not too many good years on the farm. I think that if you can get three good years out of five, you can make it. If you get two, you go the other way.

So all of you, the next time that you see a car from Iowa or Wisconsin coming up the road down here coming into Lexington or crossing the State line into the State or into your State, just think that the people in that car represent a truck load or farm produce going to market. The economic impact is there, and far too few rural communities realize it.

And I have heard that over and over again today. That you grow up in a community, and you do not realize that somebody else would pay to see it. As I came into Lexington today, I was thinking if I lived here, and I was telling Mr. Griffin here of the Kansas City Convention and Visitors Bureau, if I lived here, I would probably have some buses running out from Kansas City on weekends with tours, with conducted tours. It is something that Lexington really should consider.

Comment number two. Your current and proposed marketing efforts to enhance your business or community. The Agricultural Hall of Fame and National Center fully realizes that importance of visitors and tourists to its survival, and it spends at least half of its budget in developing new displays to attract those visitors and in advertising.

Now we have a very small advertising budget, because we are nonprofit, but we do have about a half million brochures a year between Indianapolis, IN and Denver, CO.

I am going to digress a bit from my prepared statement, and substantiate what Mr. Campbell said about highway signs. You have to let the visitors know what you have and where it is. I do not care what you have. Word of mouth is good, but you need that reminder in your area to stop, pull off here, come up 10 or 15 miles. So signs are very important.

One of the problems that we have at the Agricultural Hall of Fame is we can get the State of Kansas to put up signs for the Hall of Fame, but we need some over in Missouri. We will have to talk to this gentleman, but it seems that so far Missouri is not interested in advertising a Kansas attraction. So this is one of the problems that we have, and highway signs are very important.

Anyway the results of our efforts, we have 65,000 visitors a year, and that is up from 19,000 about 10 years ago. They come from every State in the union, and 17 to 23 foreign countries every year, proving that advertising and promotion really pay off.

Our concern is that we would like to see USDA get somehow or other into the sponsoring of rural tourism. Let it be known, number one, what is available. This is one area that we'd like to see.

We have had visitors such as avocado growers from Mexico three different times, soybean growers from Brazil, sheepherders from Australia. From all over the world, they come to the Agricultural Hall of Fame. Which a number of years ago was an open field. We're out in the country.

I think I'm the only one here today that really is truly rural, which is what this subcommittee is aiming at, the rural economy. We have a small town, Lexington. But I'm talking about a farmer's field. We're promoting a farmer's field and a Hall of Fame. So we've proved there is an interest in rural agriculture and in farming, and we'd like to see the USDA help us on this.

Number three, we have not worked with the United States Travel and Tourist Administration or U.S. and Foreign Commercial Services, but we'd like to and we're there. The Hall of Fame does work with the city, the county regional and State tourist developmental agencies it has access to. But we have not had the opportunity to work with any such organizations on a national level.

In the last few years, we've also mentioned a possible trip to the USDA in Washington, DC, to see if there would be some way they could help generate tours to the breadbasket of the world, the midwest and the Hall of Fame, of course. But that has not yet materialized.

We do, however, promote and solicit quite heavily the several hundred bus tour operators in the Nation and we pick up several additional tours that way. A bus load of 40 people has the potential yield to a community of profits equal to 40 acres of corn. I keep going back to that, you know, being a heck of a lot easier to pick.

To date, we have never received any real help from any of the smaller travel or service agencies. In general, the smaller agencies lean on us to get the tourist here in that community. And then through signs and brochures, they make their own appeal and build their own traffic. Only the large cities have the financial base to launch any large scale effort. What any area needs is more visitors drawn to that area by whatever means is necessary.

Far too many work on the visitors who are already in the area and who often aren't enough visitors or visitor money to go around. Attracting additional visitors to a community is the real name of the game.

The Agricultural Hall of Fame and National Center, its executive board and staff, would support the bill H.R. 2357, calling for the establishment of a non-profit federally-chartered Tour USA Promotion Corporation and strongly urge that tours to rural America can become one of its main priorities.

In conclusion, I'd like to say that the most important thing to remember about developing tourism is about the same with farming or any other business. You have to work to make it work, and you have to get a return and to get a return you have to make an investment in time and/or money. It doesn't come easy. But financial rewards can come and make it worthwhile.

Now we have a Federal charter. The Agricultural Hall of Fame has a congressional charter. It was signed into law by President Eisenhower in 1960. Unfortunately, Federal charters do not finance the operation. We are privately financed just like the Red Cross. I think we were the fourth Federal charter. We have a Federal charter similar to the Red Cross. The Government does not help the Red Cross raise money; they do not help us raise money.

I hear some of these $11–$12 million budgets mentioned, and they say that they are very limited in what they can do. Oh, God, what I could do with an $11 million budget. Of course, I would hate to have the payroll that they have involved.

But we are, as Mr. Campbell said, a small private operation funded entirely from tourist dollars. Since we were congressionally chartered back in 1960, I'd like to invite you gentlemen out for a personal, what I call, my famous 25-cent Cook's tour. And we won't charge you 25 cents. I'll pay you 25 cents to take the tour.

So stop by anytime and visit us. And that goes for everybody here. I'm sure a lot of you here in Lexington know we exist. I knew Lexington existed. So we'd like you to come out and visit.

Again, it's my pleasure to return a favor to an old friend and welcome all of you to the State of Missouri and to be a part of what could be a great help in bringing the strength and vitality back to rural America.

If I may be of any help, please let me know.

Thank you.

[Mr. Adkins' statement may be found in the appendix.]

Chairman SKELTON. Thank you so much, Mr. Adkins. We appreciate your testimony, coming back over to your native State, and being with us here.

I think the record should reflect that this subcommittee had the opportunity to visit the Lexington Battlefield and Anderson House which, of course, is a major attraction here in Lexington. We especially wish to thank Gene Fuller who is in charge of the State Park and who did an excellent job and gave this subcommittee an excellent tour and a good flavor of from whence we came here in Lexington, MO.

We want you to know that.

Mr. Mfume.

Mr. MFUME. Mr. Chairman, I have a brief question and perhaps a comment for Ms. Nicholas who indicated in her testimony that the old homes tour takes place every two years.

Ms. NICHOLAS. Yes, it does.

Mr. MFUME. And the battle reenactment takes place every three years. If you could explain why that's the case and why it's not more regular, I'd appreciate it.

Ms. NICHOLAS. I can only—somebody's here who is in charge of the homes tour in the past. I would assume it probably takes them two years in order to do this. The battle reenactment I think is done because the actors travel from different areas each year and they only come here every three years.

Mr. MFUME. I raised it because someone had said earlier, and I agree, that there are a lot of civil war buffs in these 50 States and a lot of revolutionary war buffs about 100 miles north of my city in Gettysburg. And their annual reenactment led us in Baltimore to put on an annual reenactment. We were doing a 5-year reenactment of the battle in which we got the Star Spangled Banner written with the British. And when we went from five years to one year, what we were able to find out was this was at the encouragement of business people in the area who helped underwrite some of the costs initially is that people who had just come for that one reenactment every five years were coming back, and we were able to grab them and we'd take them to Babe Ruth's birth place, we'd take them to the Edgar Allen Poe House, we'd take them over to Johns Hopkins, or we'd run them somewhere else in the city that was historical and finally down to the inner harbor, and that the money that we were realizing in one throw every five years was far exceeding what anybody had anticipated. So much so that business development spurred and the cost of doing it on an annual basis became null and void pretty much.

And so when I saw this because reenactments are spectacular and it's the sort of thing I wondered why it was not happening more often, and I just wanted to ask.

Ms. NICHOLAS. I would have to say you might ask Jene. I think that is done through the State park and is not done through the chamber.

Mr. RUCKER. I can shed a little light on that. The reenactors, of course, are volunteers, and there's a Missouri Association of Reenactors who like to do this as a hobby. There were four major battles in the State of Missouri, and the reenactors were attempting to reenact those sort of sporadically wherever they could. A few years ago they got organized because they wanted to make a major presence for each of these battles, but they couldn't afford to do four of them every year. So basically they've just developed this rotating schedule among themselves, and we, in cooperation with the local communities, underwrite the costs of gunpowder, and food, and so forth. The reenactors basically go on a traveling schedule of their own.

Mr. MFUME. I see, OK.

Chairman SKELTON. May I add a comment to that, and history bears this out, that you don't have to wait for the actors to come into Lexington. In 1957, I remember very well, my next younger brother, John, was going to Wentworth Military Academy. He was in the first major reenactment and Wentworth Cadets put it on.

And then on the 100th anniversary, I enticed my then girl friend who was later to be my wife to come to Lexington for the 100th Anniversary of the battle itself in September 1961. That was done by the Wentworth Military Cadets.

I'm sure some may have forgotten that history. I think in this particular case, you might have the gold mine right here going to school, and you wouldn't have to wait for the actors to come floating in every three or four years.

Mr. MFUME. That's a very good point.

I don't have any other questions, Mr. Chairman.

Chairman SKELTON. Mr. Campbell.

Mr. CAMPBELL. Thank you, Mr. Chairman. I know many places that have battlefields have enactments, and they seem to be on the rise. There seems to be more of them regularly participated in and they certainly draw in a lot of money.

I might just tell you we have one up north where my dad came from on the Custer battlefield in which Indians and non-Indians participate about every second year. They don't do it every year. But it's grown. It started in 1976, as I remember, and in the last 10 years, it's grown considerably.

Chairman SKELTON. Does the outcome change?

Mr. CAMPBELL. No. I think the outcome's always the same.

I might say that there's a joke up there that General Custer was the first one to wear designer uniforms: He wore arrow shirts.

Tongue-in-cheek. But let me get on to something serious. I wanted to make a comment, not a questional, but something probably Mr. Adkins already knows, but perhaps the rest of the panel doesn't.

According to the National Association of Realtors and several other groups, too, if you track the value of farm lands when it really decreased between 1981 and 1985 or 1986, in which it went down in some areas in farm country down to two-thirds of its value before 1981, they found that the areas of the country that kept farm land values the highest were also the areas in which there was a high rate of tourism.

We rarely track that or see the correlation, but there's no question in my mind that if you come from an area that is very scenic and has some historical places and has a high rate of tourism, the farms around there, particularly family-sized farms are going to retain their value better. So I'm sure you're already aware of that, but I didn't know if the rest of the subcommittee was or not.

Thank you, Mr. Chairman.

Chairman SKELTON. Thank you so much.

Any further questions?

If not, we appreciate your testimony. It's been excellent, and it will become part of the permanent record and help us. And as you know, as has been mentioned by Mr. Adkins, and by me earlier, there is legislation pending which hopefully will be of help in getting from where we are now to where we want to go.

Thank you very much.

Our last panel, Mr. Glenn Weaver, Mr. Jeff Elsea, and Mr. Richard Griffin.

I wish to introduce Mr. Glenn Weaver, professor, University of Missouri, also with the Department of Parks, Recreation and Tourism and earlier testimony indicated this red Guidelines for Tourism Development, Glenn Weaver was the principal author of this, and I now welcome you, Mr. Weaver.

TESTIMONY OF GLENN D. WEAVER, STATE EXTENSION SPECIALIST, DEPARTMENT OF PARKS, RECREATION AND TOURISM, UNIVERSITY OF MISSOURI-COLUMBIA

Mr. WEAVER. Thank you.

Mr. Chairman, committee members, I appreciate this opportunity and I'll make my comments as brief as I can in order to save you a little time.

I would really like to address my comments to the tourism development at the local level. As a State Extension Specialist, I've worked throughout the State of Missouri and done a lot of consulting work in other States helping local communities develop tourism through the development of an Economic Development Plan.

As you mentioned this particular book, we're fortunate to have produced this because it does generate a lot of interest and understanding of the potential related to tourism. That book alone gives us the opportunity to work with a lot of communities.

My comments today will be derived from the work that I'm doing in tourism development as well as the research that we do. Certainly, the travel tourism industry is a vital force in today's society, both socially and economically. Socially, tourism is supported for its education, recreational and personal growth, and development values.

From an economic standpoint, it generates income, it generates taxes, and one of the things that I think is often overlooked is that the visibility that a community gets from inviting people into their communities is often the motivating factor in having new businesses started in that community. Certainly people retiring and moving into the community is because they like that community.

Now, since the industry is made up primarily of small businesses, most of them with severely limited budgets and very little, if any, resources directed toward research and development. I think this is one of the things that hurts us. We have to use the funds that we have in order to market the attractions or services that we have and so there's no central force pushing for the local development and research that's so badly needed to help identify our markets and go after them.

The attractions and services provided are often attributed to the industries related to the functional characteristics of a product rather than to the market they serve. Examples of this is that often the lodging industry think of themselves as a lodging industry and may not consider themselves a part of the tourism industry. The same thing with food and beverages, and so forth.

The misunderstandings over the definitions—and this is one of the things I think that hurts the tourism industry as a whole. Many external forces put pressure on the tourism industry to restrict the definition of a tourist. They will ask them to restrict it by motivation; why they're traveling, the purpose of the trip, how long they stay, and things of this nature.

Some States do not count a tourist unless he came from outside that particular State. Others insist that the definition of a tourist is limited to those people that stay overnight. This kind of confusion keeps the tourism industry from really being recognized for how big it is. This confusion also allows people to downplay the value of the information that other communities and different places have collected as part of the overall description of tourism.

The industry is further hampered by the lack of organizational support and leadership at various levels of governments. At the national level, the U.S. Travel Tourism Administration is limited in the scope of services they can provide for domestic tourism. They have done an outstanding job with their responsibilities and yet their budget is constantly threatened.

I might add here that the U.S. Travel Tourism Administration has a smaller budget to promote the United States to the rest of the world than what a single State does. And on that kind of a budget, it's obvious that they need more money and should be given more responsibility for domestic tourism.

At the State level, almost all of the efforts and resources are used to promote and market tourism to the respective States. Each

State office of tourism needs an educational component to assist communities with planning and development.

At the local level, most tourism development and marketing effort is handled by a volunteer committee in the Chamber of Commerce or a local tourism association. The tourism industry has never enjoyed the leadership and organizational support that other industries have had in our society.

Yet, the tourism industry generates revenues, jobs, and taxes, greater than many of the industries that enjoy greater support.

How a community, or area, benefits from tourism, or how they develop their potential, is directly related to the quality of planning and leadership devoted to tourism development and marketing efforts.

In summary, I believe that there are four categories of needs that the tourism industry must address if rural America is to realize their economic potential of tourism.

Research. We have to have more effort put into research to gather information to accurately describe the industry and to identify those markets.

Education: We need education for community leaders, entry level businesses, and the general public. Education is needed to identify markets, design recreational experiences, and manage recreation related businesses.

Strategic planning. Each community has a potential to benefit from tourism. This potential can only be met when an appropriate plan has been developed. And I appreciate what Mr. Peterson was saying. In fact, as I work with some of the communities, one of the problems that we have is that they do not distinguish between the resources and the ability they have to become either a destination area or a pass-through area.

If they put their resources and money into trying to become something that is almost impossible to do, then it is going to be costly rather than economically beneficial to them.

Finally, leadership development. The ultimate success of a tourism industry is tied to the local leadership. Without effective leadership, adjustments are not made in the industry, coordination of efforts are lost, personnel are not trained, and conflicts of interest result.

Unfortunately, no organization exists in any of the States to provide this kind of leadership. At the local level, most of the funds and human resources are used to produce the marketing and promotional materials.

And let me briefly comment on your House bill 2357. Certainly, additional efforts and resources are needed to provide and promote the United States as a destination. The U.S. Travel and Tourism Administration has done an outstanding job with limited resources and restrictions in the scope of services in promoting domestic tourism.

I support the concept of this bill because it will expand the mission of the U.S. Travel and Tourism Administration without conflict or duplication of effort. It will add flexibility in the manner in which we can do business, and will increase the resources available to implement programs to enhance tourism. Thank you.

[Mr. Weaver's statement may be found in the appendix.]

Chairman **Skelton**. Thank you very much. I appreciate you being with us, Professor Weaver. A footnote comment. In attempting to gather support for my legislation, I had a number of tourism industries in my office one day several months ago to try to get them to agree with this same tack. There seemed to be very little agreement among various segments of the industry, which frankly was personally very frustrating to me.

If we can get everybody singing from the same sheet of music, I think that we are going to do a great deal more in encouraging people to (a) come from foreign countries over to here; and (b) for us to see America first in line with this.

Mr. **Weaver**. Part of the thing that we need locally is the same thing that we are talking about here. The organizational leadership, and the packaging that has been referred to.

I might add to Mr. Peterson's comment as to what they are doing. We are presently conversing with the U.S. Travel and Tourism Administration and the Economic Development Administration. There has been a tremendous request from all over the country to produce some audio/visual educational materials at the national level that can be distributed to parallel the content of the book, "Tourism USA."

Whether or not funds are available, we do not know. But right now, we are talking about producing these videotapes to assist local communities in assessing their tourism potential, planning, and so forth.

Chairman **Skelton**. Thank you, Professor Weaver.

Jeff Elsea, advisory director of the Weston Development Co., Weston, MO.

TESTIMONY OF JEFF ELSEA, ADVISORY DIRECTOR, WESTON DEVELOPMENT CO.

Mr. **Elsea**. Mr. Chairman and members of the subcommittee. First, I need to say two things before I begin. And that is that the citizens of Weston, and the Weston Development Company, and the Board of Aldermen do appreciate the opportunity to be able to visit with you to have our input, and to be able to get some assistance from you and your subcommittee. The second thing is that I am not a public speaker. However, the testimony that was forwarded to you earlier, I will let that stand as a brief history of what has happened in Weston in the last several years. And my comments this morning will be very brief.

Chairman **Skelton**. First, for the subcommittee and for the record, would you tell us where Weston is?

Mr. **Elsea**. Weston is a town of 1,400 people located 10 miles north of Kansas City International Airport, which is probably where you flew in to come over here. So if you had turned left instead of right, you would have been in Weston in about 10 minutes. We are located on the Missouri River right across the river from Fort Leavenworth, KS.

There are many similarities to Lexington in the fact that we are in a rural river town founded some 15 years after Lexington. It was an outfitting post for the Wild West. Ben Holliday grew up there and founded a distillery. And many other things.

Tourism has played a vital role in Weston's revitalization. In September of 1980 out of the 42 buildings downtown, 14 were empty. We were at a point where we knew that we had to do something.

We have used three things to promote Weston, and to be able to make some of the strides that we have made. That is we knew that we would have to attract people to town, that a community of 1,400 could not support a viable downtown. There was not enough commerce.

We also knew that for the downtown to be a destination for shoppers that it had to be visually appealing. If the buildings were rundown, if some of the buildings were empty, if the streets were not clean, people would probably not continue to shop there.

And we also knew that because Weston did have a historic character that would be an attraction in itself. We used historic preservation, we used economic development, and we used tourism all in conjunction with each other.

We received some assistance from the Missouri Department of Natural Resources both in kind services and a small grant. We have received community development bloc grants to repair Main Street. We have received assistance from the Neighborhood Assistance Act in the State of Missouri to provide tax credits for business owners to rehabilitate their buildings.

We have received both in services and information and expertise help from the State and Federal governments. We have received tax credits from the State of Missouri. And we have received community development bloc grant funds, Federal funds administered by the State of Missouri.

We have been very fortunate to find out about these programs only because we have gone out to seek assistance in revitalizing downtown Weston. It is our concern, as has been mentioned several times here, that we did not have one place where we could go to seek assistance. It has taken us a period of eight years to get where we are now.

The last five years have been fairly successful, and I would refer you to part of the testimony, and the only part of the testimony that I will refer to this morning. That in downtown Weston on Labor Day 1982, there were 26 businesses and 42 buildings. On December 31, 1987, we now have 53 businesses. That is a 101-percent increase.

We have created 22 full-time jobs and 25 part-time jobs over the course of that five years. Now, as a town of 1,400, we are very proud of that. We do not think that we would have been able to do that without tourism. We do not think that there were enough businesses, goods and services that we could have thought of that the people of Weston would have patronized to make them successful. Consequently, tourism played a big role in that.

We are looking at the next five years now. We are looking at tourism as a big generator of income. We are also looking at developing businesses in town that the local community will support and will provide an even base for future growth in the town.

I cannot capsulize, because there are several things that we request. We would request a central place where we could go to find out what is available for assistance. And again I like to bring up the size of the town, because the City Council and the Board of Aldermen do not have a budget for promotion. They are operating, and I am not saying this derogatorily, they react to crisis.

The people who are on the Board of Aldermen in every small town in the country are there because they feel a need to help the town. And they do not have the time or the expertise to promote. They are reacting to things that are going on in the town at that time.

The local Chamber of Commerce which we act as is the Weston Development Company. And it is not for profit, but for business development. We do not have the budget, and we do not have the expertise. We need assistance from outside. Operating on a $20,000 per year budget with no paid staff or anything is just very difficult to do.

If there was somewhere that we could make contact. The Department of Natural Resources in Missouri has been very helpful, and the Economic Development Department in the State of Missouri has been very helpful in keeping us informed. And for those who want to be informed, we would suggest that, maybe, information dissemination is number one. Number two would be not grants but tax credits for historic preservation and economic development.

In Weston, we have received $120,000 of community development bloc grant funds, and we have received $7,500 worth of assistance from the State in a grant. There has been $1 million spent in downtown Weston by property owners on equipment for their businesses and their buildings.

So the return on the money that has been issued to us we think has been great. Not to mention the jobs that have been created and the tax dollars generated from that. So number one would be dissemination of information, and number two would be tax credits.

Thank you for the opportunity.

[Mr. Elsea's statement may be found in the appendix.]

Chairman **Skelton**. Thank you so much, Mr. Elsea.

Mr. Griffin is the Director of Tourism in the Kansas City Convention and Visitors Bureau. And I think, Mr. Griffin, you are under a bit of a disadvantage here.

Mr. **Griffin**. Is that because I am short?

Chairman **Skelton**. It was common knowledge when I was growing up here in Lexington that people in Lexington were smarter than people in Kansas City. One day I asked an older gentleman why people in Lexington are smarter than the people who live in Kansas City. I was told that people in Kansas City, all of the people in Kansas City, do not know where Lexington is, but everybody in Lexington knows where Kansas City is. So if you take that to its logical conclusion, we are a lot smarter here in Lexington. We are pleased to have you, sir, and we welcome your testimony.

TESTIMONY OF RICHARD A. GRIFFIN, DIRECTOR OF TOURISM, KANSAS CITY CONVENTION AND VISITORS BUREAU

Mr. **Griffin**. I have enjoyed the very short time that I have been here, Congressman, and welcome to the subcommittee. I want to thank you, Mr. Chairman, for bringing this tour group to Lexington and to Missouri. If you need help in bringing any other tour groups to Missouri, I will be more than happy to lend you all of the assistance that I can give. Because what you folks have spent here in Lexington will go partly to the State and then eventually back to Kansas City. So I am as interested in Missouri as I am in Kansas City.

We do have a very active tourism plant, if you will, throughout Missouri and particularly in Kansas City, in my case.

I just returned from a small educational seminar down in Jefferson City, which was held by, or put on by, the Missouri Travel Council. And it was very, very enlightening and very informative.

We are very, very lucky in the State to have a great, not just a good, but a great travel director, Marjorie Beenders.

Chairman SKELTON. May I interrupt you right there?

Mr. GRIFFIN. Sure.

Chairman SKELTON. Marjorie truly does an outstanding job. And she gave a talk in my Rural Development seminar just a few days ago over here in Higginsville, MO. But after all of that, we had to explain to her that the name of our State is pronounced "Missura" rather than "Missouri." So I think that as a result of her added knowledge that we will probably increase our tourism greatly because of that. I just thought that you might want to pass that on to her when you see her again.

Mr. GRIFFIN. OK. I did want to let the subcommittee members know that Marjorie has the distinction of being the State travel director this year. And this award was given to her by the Travel Industry Association of America. So we are very proud of our Office of Tourism as well as Marjorie in particular.

To get into my particular area of inexpertise, I guess. The Convention and Visitors Bureau of Greater Kansas City is a nonprofit corporation, and we are charged with the responsibility of attracting visitors, conventioneers, and business travel to the Greater Kansas City area.

I, as the Director of Tourism, will only address the tourism end of it as opposed to the convention end of it. Our overall budget for fiscal year 1987 and 1988 is $2.1 million, and we were incorporated in 1966.

Tourism has a very high economic profile in Kansas City. And it generated more than $1 billion in annual revenue, provided $52 million in State and local taxes, employed more than 32,000 people, and generated an annual income in excess of $297 million.

These are 1980 figures. And I agree with my colleague to my left that there is just not enough revenue available to us or to any other tourism entity to really get the kind of research figures that we need. But these are figures that are taken from the latest study that we have, and they include only Clay, Platte, and Jackson Counties here in Missouri.

You asked, Congressman, about our marketing efforts. This year in particular, we will be interested in promoting two major conventions that will be coming to Kansas City. These are not just conventions of various associations, be it farmers, be it ironworkers or whatever, they are travel related associations that will be coming to Kansas City. And we will have the exposure nationwide with these tour operators.

We will have the National Tour Association coming into Kansas City. There will be about 3,000 people all tolled, and about 700 of them will be the bus tour operators who put together the motor coach tours that go to just about every small hamlet, farm, and big city in the entire United States.

It is a major undertaking for the city of Kansas City, and we are very happy to have the State as a partner in this undertaking. Just the convention alone of the 3,000 delegates that will be coming in will bring Kansas City in excess of $3.5 million in total expenditures from those delegates that will be in town during the six-day convention.

But to give you an idea of what this motor coach market means to both Kansas City and to Missouri: In 1986, we had 682 bus tours that brought over 25,000 people to the Greater Kansas City area. The economic impact of this one aspect of tourism was over $6 million.

By the same token, the State of Missouri enjoyed 26,000 tours, and these are multi-day tours, with over a million tourists on those buses. And they spent in excess of $124 million. So the bus business is very big not only for Kansas City, but also for the State of Missouri.

And when I looked at those figures, I was absolutely amazed, because Kansas City is only getting 2.5 percent of the total bus business that comes into the State of Missouri. I think that is a very important fact. One good point of that low figure is that we get 5 percent of the total monies spent in Missouri.

But last year, we hosted the National Tour Association's closing banquet in your city, I believe, Congressman Mfume, of Baltimore, and we had strong support throughout the State. We had contributions from the Missouri Division of Tourism, the Missouri Travel Council, the Missouri Travel Federation, the Columbia Convention and Visitors Bureau, the St. Charles Visitors Bureau, Cape Girardeau, Springfield, Independence, Hannibal, and the Bronson area. So it was a joint undertaking by the State as well as the city of Kansas City.

Another travel related convention that we will be hosting here is very, very important not only to the State of Missouri but America's heartland, which is the Society of American Travel Writers. And these travel writers can either be employed by various travel publications, newspapers, or what have you, but they are also independents. They are looking for interesting stories. Hopefully, we will provide some of those interesting stories for them.

This is only, I believe, the second time that they have met in the United States. They usually meet in such exotic destinations as Hong Kong, Singapore, Australia, New Zealand, all of those neat places that we want to go to. But we are very, very lucky to have them in the Missouri area for their 1988 convention.

Mr. **Mfume**. When are they coming?

Mr. **Griffin**. I beg your pardon?

Mr. **Mfume**. If I may ask, Mr. Chairman, when are they coming?

Mr. **Griffin**. They will be here September 29 through October 4. After that, they will fan out into a seven-State area for what we call familiarization trips. It is up to those seven States right around

Missouri to put together those types of familiarization tours for these travel writers to see.

Again, looking at Kansas City and the publicity that some of the events that we will be hosting will generate, we are, of course, looking at the final four which will generate quite a bit of traffic for Kansas City. There is a very strong possibility that we will have one of the presidential debates in Kansas City. And hopefully, we will get the first one, because I think that will be most interesting.

Chairman **Skelton**. Would you like to tell us who is going to be in the debate?

Mr. **Griffin**. No comment, Congressman.

We produce a number of brochures. I will not go into all of them that we have. But another very exciting event that is going to happen in Kansas City, we will have an exhibit in April, I think that it is April 28 through about May 18. We will have a Russian exhibit in Kansas City. This will be a live exhibit in the municipal auditorium, and it will be on the culture and history of the Russian people. There will be live Russian citizens there to tell us about Russian customs.

So we are very, very fortunate in having that. Kansas City is the only city in the United States west of the Mississippi that will have this particular exhibit. And we are very pleased to have it.

As far as advertising is concerned, we are always looking at getting more dollars for advertising. We, in Kansas City, have a program going for this summer, as we did for the last two years, where it is a cooperative venture between the Convention and Visitors Bureau and some of the members. We will have about five members joining us in this cooperative event, this advertising campaign, which will take place from May through August. We will be targeting our main source of traffic, and that is the States of Iowa, Nebraska, and Kansas.

And incidentally, let me add, that a couple of points were made at the beginning of the program, our program in particular, about tourism. Tourism really is a two-way street. It brings the urban population to the rural area and the suburbs, and it also, in turn, brings the suburban area people to the urban area.

Tourism is an export in reverse actually. And it is also a plant or factory outside of your area that brings jobs and payroll to your area. There are no smoke stacks in this industry. It is a clean industry.

We have a program that will take over National Tourism Week, and I believe that Congress has designated May 15 through 21 as National Tourism Week. And we call it Invite a Friend. And what we do is have a very, very big oversized mailbox painted red, white, and blue, naturally, and we move that around various areas of the city.

We will have it at Country Club Plaza, at Allis Plaza, at Westport and a few other areas. We produce some postcards similar to this one that I have right here that we give to the individuals who stop by. We talk to them, and tell them what travel and tourism means to the city. We give them a postcard, and ask them to write a message to a friend of theirs who lives outside of the Kansas City area. They address it, and we will put the stamp on it and mail it to that individual. So we try to get the people in Kansas City interested in tourism and to know what tourism is all about.

Government cooperation as far as Kansas City is concerned, I have mentioned what we do with the State of Missouri. We have also worked very, very closely with the United States Travel and Tourism Administration. I think that if I have any word of wisdom, if you will, to the committee, I had picked up some figures from these individuals.

I believe that our annual budget of $11 million to promote the entire United States just absolutely pales when you look at Canada which is spending $26 million, the small country of Jamaica which is spending $21 million, and the country of Italy spending over $100 million in tourism. For the United States to only have $11 million in their budget I think is a poor showing of what we have.

With that, I will conclude my testimony. Thank you very much for having me here. I certainly enjoyed talking about my favorite avocation as well as vocation. If you would allow me another half hour to an hour, I would be more than happy to talk about tourism in the United States, in Missouri, and in Kansas City. Thank you so much.

[Mr. Griffin's statement may be found in the appendix.]

Chairman SKELTON. Mr. Griffin, thank you so much.

Mr. Mfume.

Mr. MFUME. Mr. Griffin, you kidded about being short in stature. But let me just say that the Bureau is very long in competition. You guys have given us a fit for a long time. And you do a good job at it, you really do. I want to publicly commend you on it, and to thank you also for the ink pen.

Mr. GRIFFIN. Very good.

Mr. MFUME. And Mr. Elsea, your remarks are dissemination of information and the idea of looking at tax credits as a way to stir that kind of activity for me, at least, I find rather interesting. I am sure that the chairman will take that as we go through the testimony and sort of look at ways that we might be able to develop initiatives in that area in the Congress. I want to tell you that I appreciate that. You said that you were not a public speaker, but you have made a very good presentation.

Mr. ELSEA. Thank you, sir.

Mr. MFUME. And finally, Professor Weaver, I want to commend you for your coauthorship of this book. I want you to know that while you were giving your testimony, the Deputy Under Secretary of Commerce, Mr. Peterson, was listening with great intent and was nodding throughout it, which means he agrees with you. Now whether or not he is going to contract you to do a book for the Department is another story. But we thank you for it very much.

Mr. WEAVER. Thank you.

Chairman SKELTON. Mr. Campbell.

Mr. CAMPBELL. Thank you, Mr. Chairman. No questions, but also a couple of comments.

Mr. Griffin, I think that you are probably aware that the people on this subcommittee are very solidly behind the USTTA.

Mr. GRIFFIN. I am.

Mr. CAMPBELL. We are trying our very best to upgrade their budget, because we know that they could do a much better job if they just had the money to do it with. So we want you to know that they have some friends back there, too.

My living before I got into politics was really made for years as an artist. I think that sometimes people who make their living in that sector also have the same problem as the people who make a living in tourism do. That is in the rural country, a lot of times it is not considered real work.

I can remember sitting in a ranch coffee shop one time years ago. And a rancher said what is your line of work, and I said I am an artist. He looked at me and said, yes, but what do you do for work. You know, sometimes in rural America, it is just considered the idle wealthy or something that do art or do tourism, and so on. But I think that we are trying to change that, too.

And last, I might say to Mr. Elsea. I had not heard of Weston, but I certainly had heard about the town across the river a lot. And who has not heard of Sing-Sing, and Alcatraz, and Leavenworth. I wonder if there is some way that we can learn something positive from marketing and name recognition, because they seem to have done a marvelous job, but it is on the wrong side of the coin.

Mr. **ELSEA**. Leavenworth's slogan is everybody should spend time in Leavenworth.

Mr. **CAMPBELL**. They are long-term tourists. They do not spend much money. Thank you very much for appearing.

And thank you, Mr. Chairman.

Chairman **SKELTON**. Gentlemen, thank you so very, very much for being with us. I do have one quick question of Professor Weaver.

In my office in Washington, we have an internship program whereby we bring college students during the summer for a one-month experience. They are there to learn a bit of the experience as to how laws are made and how the Government functions.

Do you have an internship program to let your students do study or case work to advise small towns and rural communities in the tourism industry, I just wonder if you have such a thing?

Mr. **WEAVER**. We do have.

Chairman **SKELTON**. You do.

Mr. **WEAVER**. We require 12 semester hours of internship, but we also require two preinternship experiences. We want to be sure that they know something about the field other than what is talked about in the textbooks.

Chairman **SKELTON**. Well, gentlemen, thank you so very much.

This concludes a historic congressional hearing in a very historic community and in a very historic courthouse. Thank you.

[Whereupon, at 12:30 p.m., the subcommittee adjourned, subject to the call of the Chair.]

APPENDIX

OPENING STATEMENT OF CHAIRMAN IKE SKELTON

March 11, 1988

The subcommittee will come to order. I am pleased to have this opportunity to show-off my hometown of Lexington, Missouri. Let me just say that I feel that Lexington is the perfect case study for this phase of our series of hearings on small business and tourism. We wanted a rural community and a small town that had the potential to use its existing attributes to attract tourist and thereby help its own economy. As I think we will see today, Lexington fills the bill.

Let me first thank my friends and neighbors here in Lexington for both assisting in making this hearing a success and for making us all feel right at home. Now at least my colleagues will know that I am not bragging just telling the truth when I tell everybody in Washington what fine people we have here.

I invited the subcommittee to come out to Missouri so that we (and through us the Congress) could learn about the economic importance of the travel and tourism industry for small businesses and rural America.

But we are all going to learn something here today. The gentlemen on this side of the table bring with them a wealth of experience in that they come from tourism areas that are rich in history and natural beauty. First let me introduce Congressman Nick Mavroules who represents areas on the outskirts of Boston. Those areas, such as Salem, Massachusetts, attract tourists from around the world. The people there, with Nick's help, have made sure it will continue to do so through careful planning, hard work and Historic Preservation. I might mention in passing that the district he represents is next door to another town of Lexington you may of heard of (as in Lexington and Concord.) Our goal today is to teach him that when someone refers to "Historic Lexington", he needs to say "Which one?"

Kweisi Mfume, represents Baltimore Maryland which has had a major resurgence of tourism of its own due to their harbor renovation and again their hard work to market their area and make it happen. Baltimore now is considered to be a very cosmopolitan city with lots of different cultures each accented to add to the variety of what they can offer. They are no longer a city with an international port: they have an international city.

And Ben Nighthorse Campbell. If there is one place in the United States that is almost as pretty as my home town it is Ben's district in the Rocky Mountains and western Colorado.

They have been pretty successful in their marketing efforts out their too..... Vail, Aspen, Steamboat Springs are names that are known around the world and which attract thousands of foreigners to our shores.

Today, we are interested in hearing your thoughts and recommendations on ways small businesses in rural areas can tap into the domestic and foreign travel markets and what, if anything, the federal government can do to promote travel and tourism. Ideally, we would like Americans to see America first and foreigners to take advantage of the bargains we have to offer. But we must do more to compete with other countries.

The Subcommittee wants to learn about ways we can help rural communities and small businesses grow into their full potential. Rural communities do not have the financial resources of metropolitan areas yet they too need to develop their natural attractions and historic treasures. The Government needs to make them aware of what kind of marketing assistance and financial resources exist already that can help them. In addition, we need to encourage communities, such as Lexington, to work together with other tourist destinations in the region to draw more people here.

International travelers who come to see the Truman home and library, for example, might be interested in seeing Lexington, or the Missouri lakes or the Ozarks Mountains, if they were informed about how easy it was to add that to their trip.

Our witnesses today will help us get a handle on what is available to rural communities and what some small businesses are doing or would like to see done to help

Before I get to my first witness, I would just like to say that we had hoped to have Marjorie Beenders of the Missouri Tourism Office with us today. She has done an excellent job for Missouri and has helped us many times in the past but was not able to make our hearing today. She has asked that her written testimony be included for the record, so, without objection, I will enter her remarks.

STATEMENT OF THE HONORABLE JOSEPH M. MCDADE, RANKING MINORITY MEMBER, COMMITTEE ON SMALL BUSINESS FIELD HEARING IN LEXINGTON, MISSOURI ON SMALL BUSINESS AND TOURISM IN THE RURAL COMMUNITY

MARCH 11, 1988

MR. CHAIRMAN, I COMMEND YOU FOR HOLDING THIS HEARING TODAY, AND I REGRET THAT I AM UNABLE TO PARTICIPATE IN THIS DISCUSSION. I APPLAUD YOU FOR YOUR STRONG LEADERSHIP AND ROLE IN FOCUSING NATIONAL ATTENTION ON THE IMPORTANCE OF TOURISM TO OUR ECONOMY AND ITS POTENTIAL FOR CREATING NEW OPPORTUNITIES IN RURAL COMMUNITIES. THE UNREALIZED POTENTIAL OF THIS INDUSTRY FOR FOSTERING NEW ECONOMIC GROWTH AND DEVELOPMENT, STIMULATING INCREASED BUSINESS ACTIVITY IN LOCAL AND RURAL COMMUNITIES, AND EXPANDING EMPLOYMENT OPPORTUNITIES IS VAST. TOURISM IS BIG BUSINESS FOR SMALL BUSINESS AND IT WILL TAKE ON EVER-INCREASING IMPORTANCE AS MORE AND MORE AMERICANS -- AND FOREIGN VISITORS -- TRAVEL AND SEE THE WONDER THAT IS AMERICA.

LAST YEAR, NEARLY TWENTY-EIGHT MILLION VISITORS FROM AROUND THE GLOBE TRAVELLED TO OUR SHORES TO SAMPLE THE BEST OF WHAT AMERICA HAS TO OFFER IN CUISINE, ENTERTAINMENT, HISTORIC ATTRACTIONS, AND CULTURE. THEY CAME TO HAVE AN EXPERIENCE THAT IS UNLIKE ANY OTHER IN THE WORLD AND TO CATCH THE BRIGHT VISION OF AMERICA AND ITS PEOPLE.

THE U.S. TRAVEL AND TOURISM ADMINISTRATION OF THE U.S. DEPARTMENT OF COMMERCE ESTIMATES THAT NEARLY TWENTY-NINE MILLION FOREIGN TOURISTS WILL VISIT OUR COUNTRY THIS YEAR AND SPEND MORE THAN $22 BILLION HERE. FIGURES FOR 1985 UNDERSCORE THE IMPORTANCE OF INTERNATIONAL TOURISM TO THE U.S. ECONOMY. IN 1985, DIRECT SPENDING BY FOREIGN VISITORS SUPPORTED NEARLY 300,000 U.S. JOBS. FOR EVERY $47,500 SPENT IN THIS COUNTRY BY FOREIGN VISITORS THAT YEAR, A NEW U.S. JOB WAS CREATED IN THE TRAVEL INDUSTRY -- AMERICA'S SECOND LARGEST EMPLOYER.

WITH OVER $260 BILLION IN ANNUAL RECEIPTS, THE TRAVEL INDUSTRY IS THE THIRD LARGEST RETAIL OR SERVICE INDUSTRY IN THE UNITED STATES. IN 1986, THE CONTRIBUTIONS OF THE DOMESTIC AND INTERNATIONAL TRAVEL INDUSTRY TO THE U.S. ECONOMY WERE SIGNIFICANT. AMERICANS SPENT $269 BILLION ON TRAVEL AND TOURISM IN 1986, GENERATING DIRECT EMPLOYMENT FOR 5.21 MILLION AMERICANS AND INDIRECT EMPLOYMENT FOR ANOTHER 2.2 MILLION AMERICANS. THIS EMPLOYMENT GENERATED MORE THAN $57 BILLION IN PAYROLL AND THE COMBINED TAXES PAID TO FEDERAL, STATE, AND LOCAL GOVERNMENTS TOTALLED NEARLY $37 BILLION.

MR. CHAIRMAN, I BELIEVE WE NEED TO DEEPEN OUR COMMITMENT TO EXPLORING -- AND MORE FULLY DEVELOPING -- THE POTENTIAL OF THE TRAVEL AND TOURISM INDUSTRY. INDEED, WE NEED TO RECOGNIZE, AS YOU DO, MR. CHAIRMAN, THAT SMALL BUSINESS HAS A ROLE TO PLAY IN THIS VITAL INDUSTRY. WE NEED TO UNDERTAKE EFFORTS IN THIS DIRECTION AND TO ENCOURAGE GREATER SMALL BUSINESS PARTICIPATION IN THIS GROWTH INDUSTRY. YET, AS A MEMBER OF CONGRESS REPRESENTING A DISTRICT WHICH IS PREDOMINANTLY RURAL AND EQUAL IN AREA TO THE STATES OF RHODE ISLAND AND CONNECTICUT COMBINED, I BELIEVE IT IS IMPERATIVE THAT WE NOT OVERLOOK RURAL COMMUNITIES IN STRESSING THE IMPORTANCE OF DEVELOPING TOURISM AND TRAVEL. THESE COMMUNITIES -- WITH THEIR SCENIC BEAUTY, IDYLLIC CHARM, FOLK CULTURE, WHOLESOME VALUES, COUNTRY LIFESTYLE, AND NATURALLY FRIENDLY RESIDENTS -- ARE A SLICE OF AMERICANA WAITING TO BE SAVORED BY THOSE TO WHOM THIS MAY BE ALIEN.

THANK YOU, MR. CHAIRMAN.

TESTIMONY OF ERIC C. PETERSON
DEPUTY UNDER SECRETARY OF COMMERCE
FOR TRAVEL AND TOURISM

FIELD HEARING ON TOURISM
IN RURAL AMERICA

10:00 A.M.
MARCH 11, 1988
LAFAYETTE COUNTY COURTHOUSE
LEXINGTON, MISSOURI

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE.

THANK YOU FOR INVITING THE UNITED STATES TRAVEL AND TOURISM ADMINISTRATION (USTTA) TO PARTICIPATE IN THIS FIELD HEARING OF THE HOUSE SMALL BUSINESS SUBCOMMITTEE ON EXPORTS, TOURISM AND SPECIAL PROBLEMS.

THE SUBJECT OF THIS FIELD HEARING, "TOURISM IN RURAL AMERICA", IS AN IMPORTANT ISSUE WHICH DESERVES MORE ATTENTION THAN IT IS GIVEN.

YOUR DELIBERATIONS TODAY DEMONSTRATE YOUR DEEP RESPECT FOR AND RECOGNITION OF TOURISM'S POTENTIAL AS AN ECONOMIC DEVELOPMENT TOOL, AS WELL AS A LEADING ECONOMIC FORCE IN RURAL AMERICA.

IN 1984, WHEN USTTA BEGAN CONCEPTUALIZING ITS "AMERICA. CATCH THE SPIRIT" CAMPAIGN, MARKET RESEARCH CARRIED OUT IN PRIMARY OVERSEAS MARKETS SHOWED THAT FOREIGN VISITORS WANTED TO MEET AMERICA'S PEOPLE AND EXPLORE AMERICA'S VAST AND CONTRASTING LANDS.

IN LAUNCHING THE "AMERICA. CATCH THE SPIRIT" CAMPAIGN, USTTA RESPONDED TO THOSE CONSUMER INTERESTS AND INTRODUCED -- FIRST TO THE GERMANS, LATER THE FRENCH, THE ITALIANS, THE BRITISH, THE JAPANESE AND OTHERS -- THE TREASURES OF AMERICA.

RURAL AMERICA, ITS FARMS, ITS PRAIRIE, ITS MOUNTAINS, ITS LAKES, ITS PEOPLE, THAT'S WHERE FOREIGN VISITORS CATCH AMERICA'S SPIRIT.

SEVEN YEARS AGO, USTTA, THEN THE U.S. TRAVEL SERVICE, JOINED WITH THE ECONOMIC DEVELOPMENT ADMINISTRATION, THE SMALL BUSINESS ADMINISTRATION, THE DEPARTMENT OF LABOR AND THE STATE OF WEST VIRGINIA TO PUBLISH A MANUAL CALLED, "CREATING ECONOMIC GROWTH AND JOBS THROUGH TRAVEL AND TOURISM."

THIS MANUAL, LIKE YOU MR. CHAIRMAN, RECOGNIZED THAT THE FASTEST GROWING SECTOR OF THE UNITED STATES ECONOMY IS TRAVEL AND TOURISM.

TWO SIGNIFICANT SOCIO-ECONOMIC TRENDS IN RECENT U.S. DEVELOPMENT -- RISING DISCRETIONARY INCOMES AND INCREASING LEISURE TIME -- HAVE OFTEN BEEN CITED AS MAJOR CONTRIBUTORS TO THE GROWTH OF TRAVEL AND TOURISM. AND, BECAUSE OF SUCH TRENDS, TRAVEL

INDUSTRY GROWTH HAS OCCURRED IN MANY AREAS WITH LITTLE OR NO PLANNED DEVELOPMENT EFFORT.

MANY REGIONS AND COMMUNITIES CAN EXPECT THE TRAVEL INDUSTRY TO BECOME AN INCREASINGLY IMPORTANT SOURCE OF ECONOMIC GROWTH, JOBS, TAX REVENUES, AND, IN GENERAL, A MORE SIGNIFICANT PART OF THE FABRIC OF COMMUNITY LIFE. WHILE IT IS PROBABLE THAT CERTAIN AREAS WILL EXPERIENCE SOME OF THESE EFFECTS WHETHER OR NOT THEY TAKE AN ACTIVE PART IN FOSTERING THE GROWTH OF TOURISM, MOST AREAS CANNOT ASSUME THAT SUCH BENEFITS WILL ACCRUE SIMPLY BECAUSE THE TRAVEL INDUSTRY WILL CONTINUE TO GROW. CURRENT ECONOMIC CONDITIONS AND SOCIAL CHANGES SUGGEST MORE STRONGLY THAN EVER THAT COMMUNITIES AND REGIONS WILL HAVE TO TAKE AN ACTIVE PART IN FOSTERING THE GROWTH OF TOURISM.

THERE ARE A NUMBER OF INCENTIVES FOR PLAYING AN ACTIVE RATHER THAN A PASSIVE ROLE IN TOURISM DEVELOPMENT.

(1) EXPERIENCE IN OTHER NATIONS HAS SHOWN THAT A HIGHER RATE OF GROWTH CAN BE ACHIEVED WITH INTEGRATED PLANNING AND COORDINATION THAN WITHOUT IT.

(2) EFFECTIVE ANALYSIS AND PLANNING CAN HELP TO ASSURE THAT GROWTH IN TOURISM WILL BE COMPATIBLE WITH OTHER COMPONENTS OF COMMUNITY LIFE -- INDUSTRY AND BUSINESS, CULTURE, CITIZENS' GOALS AND PERCEPTIONS, NATURAL RESOURCES, AND OTHER ENVIRONMENTS THAT ARE UNIQUE TO EACH COMMUNITY.

(3) MEASUREMENT OF AN AREA'S RESOURCES, POTENTIALS AND ENVIRONMENTS PROVIDES A BENCHMARK AGAINST WHICH TO ASSESS PROGRESS AND TO MAKE STRATEGY ADJUSTMENTS TO ACCOMMODATE AND/OR TAKE ADVANTAGE OF UNEXPECTED CHANGES IN EITHER THE LOCAL ENVIRONMENTS OR THE EXTERNAL FORCES FROM WHICH DEMAND FOR TRAVEL AND TOURISM RESOURCES DERIVES.

(4) FOR MANY COMMUNITIES, ESPECIALLY IN MORE RURAL AREAS, TOURISM MAY BE THE BEST OPTION FOR GROWTH AND NEW JOBS, BUT WILL NOT BE ACHIEVED UNLESS CATALYZED BY AN ORGANIZED STRATEGY.

(5) PLANS ARE MOST LIKELY TO BE EFFECTIVE AND TO BE COMPATIBLE WITH ALL OF THE ENVIRONMENTS OF A COMMUNITY IF THEY ARE DESIGNED BY PEOPLE WHO LIVE IN AND HAVE A PERSONAL COMMITMENT TO THE COMMUNITY, RATHER THAN BY OUTSIDE AGENCIES, ORGANIZATIONS, OR STATE OR FEDERAL GOVERNMENTS.

FOR MANY AREAS OF THE UNITED STATES, PARTICULARLY FOR THE MORE RURAL AREAS AND SMALL TOWNS AND CITIES, ECONOMIC GROWTH THROUGH TRADITIONAL INDUSTRIAL DEVELOPMENT IS NEITHER FEASIBLE NOR PRACTICABLE. TRAVEL AND TOURISM IS AN INDUSTRY WHICH APPEARS TO HAVE ONE OF THE GREATEST POTENTIALS FOR SUCH AREAS, BECAUSE IT DOES NOT HAVE TO DEPEND ON LARGE SCALE EXISTING INFRASTRUCTURES SUCH AS ELECTRIC POWER AND OTHER UTILITIES, HIGH VOLUME TRANSPORTATION SYSTEMS, OR A LARGE AND TRAINED LABOR FORCE.

TOURISM DEVELOPMENT IF PROPERLY PLANNED CAN BOTH ENHANCE THE RURAL ENVIRONMENT AND FEATURE POSITIVE ASPECTS OF THE ENVIRONMENT WHICH OTHERWISE MIGHT BE OVERLOOKED.

A VARIETY OF ACTIVITIES ARE NEEDED TO DESIGN AND IMPLEMENT A TOURISM DEVELOPMENT STRATEGY. THESE INCLUDE GAINING COMMUNITY COOPERATION AND INPUTS, DEVELOPING A BASE OF INFORMATION, ANALYZING AND INTERPRETING THIS INFORMATION, SPECIFYING A MARKETING PLAN -- INCLUDING BOTH SHORT RUN AND LONG RUN COMPONENTS, IDENTIFYING POTENTIAL SOURCES OF FUNDING FOR IMPLEMENTATION, AND GAINING THE SUPPORT OF THESE FUNDING SOURCES.

THIS MANUAL, THOUGH IT HAS NOT BEEN REPRINTED OR UPDATED SINCE ITS FIRST PUBLICATION, IS AN INVALUABLE GUIDE FOR THOSE WHO RECOGNIZE THE POTENTIAL TOURISM HOLDS FOR THEIR COMMUNITY AND WHO WISH TO SEE THAT POTENTIAL DEVELOPED TO ITS FULLEST.

MR, CHAIRMAN, USTTA IS PLEASED TO MAKE THE MANUAL AVAILABLE TO THE COMMITTEE FOR USE AS IT SEES FIT.

ANOTHER VALUABLE RESOURCE AVAILABLE TO HELP RURAL COMMUNITIES DEVELOP THEIR TOURISM POTENTIAL IS A USTTA/EDA SPONSORED PUBLICATION WRITTEN BY THE UNIVERSITY OF MISSOURI CALLED "TOURISM USA -- GUIDELINES FOR TOURISM DEVELOPMENT".

USTTA PROVIDED YOUR OFFICE, MR. CHAIRMAN, WITH SEVERAL COPIES OF THIS VALUABLE PUBLICATION. I RECOMMEND IT AS ESSENTIAL

READING FOR THOSE WHO ARE SERIOUS ABOUT THEIR SUCCESS IN THE TOURISM INDUSTRY.

MR. CHAIRMAN, USTTA'S PRIMARY MISSION IS TO:

-- INCREASE THE CONTRIBUTION OF THE TOURISM AND RECREATION INDUSTRIES TO ECONOMIC PROSPERITY, FULL EMPLOYMENT, AND THE INTERNATIONAL BALANCE OF PAYMENTS TO THE UNITED STATES;

-- ENCOURAGE THE FREE AND WELCOME ENTRY OF INDIVIDUALS TRAVELING TO THE UNITED STATES, IN ORDER TO ENHANCE INTERNATIONAL UNDERSTANDING AND GOODWILL;

-- ELIMINATE UNNECESSARY TRADE BARRIERS TO THE UNITED STATES TOURISM INDUSTRY OPERATING THROUGHOUT THE WORLD;

-- ENCOURAGE COMPETITION IN THE TOURISM INDUSTRY;

-- PROMOTE QUALITY, INTEGRITY AND RELIABILITY IN ALL TOURISM AND TOURISM-RELATED SERVICES OFFERED TO VISITORS TO THE UNITED STATES;

-- ASSIST IN THE COLLECTION, ANALYSIS AND DISSEMINATION OF DATA WHICH ACCURATELY MEASURE THE ECONOMIC AND SOCIAL IMPACT OF TOURISM TO AND WITHIN THE UNITED

STATES, IN ORDER TO FACILITATE PLANNING IN THE PUBLIC AND PRIVATE SECTORS; AND

-- HARMONIZE, TO THE MAXIMUM EXTENT POSSIBLE, ALL FEDERAL ACTIVITIES IN SUPPORT OF TOURISM AND RECREATION WITH THE NEEDS OF THE GENERAL PUBLIC AND THE STATES, TERRITORIES, LOCAL GOVERNMENTS, AND THE TOURISM AND RECREATION INDUSTRY, AND TO GIVE LEADERSHIP TO ALL CONCERNED WITH TOURISM, RECREATION AND NATIONAL HERITAGE PRESERVATION IN THE UNITED STATES.

TO ACHIEVE THESE GOALS, USTTA IS REQUIRED TO:

-- ESTABLISH FACILITATION SERVICES AT MAJOR PORTS-OF-ENTRY OF THE UNITED STATES;

-- CONSULT WITH FOREIGN GOVERNMENTS ON TRAVEL AND TOURISM MATTERS, AND IN ACCORDANCE WITH THE APPLICABLE LAW, REPRESENT THE UNITED STATES TRAVEL AND TOURISM INTERESTS BEFORE INTERNATIONAL AND INTERGOVERNMENTAL MEETINGS;

-- DEVELOP AND ADMINISTER A COMPREHENSIVE PROGRAM RELATING TO TRAVEL INDUSTRY INFORMATION, DATA SERVICES, TRAINING AND EDUCATION, AND TECHNICAL ASSISTANCE;

-- DEVELOP A PROGRAM TO SEEK AND TO RECEIVE INFORMATION ON A CONTINUING BASIS FROM THE TOURISM INDUSTRY, INCLUDING CONSUMER AND TRAVEL TRADE ASSOCIATIONS, REGARDING NEEDS AND INTERESTS WHICH SHOULD BE MET BY A FEDERAL AGENCY OR PROGRAM AND TO DIRECT THAT INFORMATION TO THE APPROPRIATE AGENCY OR PROGRAM; AND

-- ENCOURAGE TO THE MAXIMUM EXTENT FEASIBLE TRAVEL TO AND FROM THE UNITED STATES ON UNITED STATES CARRIERS.

THESE ARE GOALS AND OBJECTIVES WHICH SERVE LARGE CITIES AND SMALL RURAL COMMUNITIES.

THESE ARE GOALS AND OBJECTIVES WHICH SERVE THE LARGE TRAVEL CONGLOMERATES AND THE SMALL TRAVEL ENTERPRISES.

AS YOU KNOW, MR, CHAIRMAN, MOST OF THE MORE THAN ONE MILLION BUSINESSES WHICH MAKE UP THE AMERICAN TRAVEL INDUSTRY ARE SMALL BUSINESSES.

MOST OF THESE ENTERPRISES DO NOT PARTICIPATE IN THE TRAVEL EXPORT MARKET FOR A VARIETY OF REASONS.

USTTA WORKS TIRELESSLY TO REDUCE AND ELIMINATE THOSE REASONS.

WHY?

BECAUSE USTTA BELIEVES THAT THE HARDER AMERICAN TRAVEL BUSINESSES WORK TO BE SUCCESSFUL IN THE INTERNATIONAL MARKET, THE MORE SUCCESSFUL THEY WILL BE IN THE DOMESTIC TRAVEL MARKET.

A FEW YEARS AGO, USTTA CREATED AND PUBLISHED A GUIDE CALLED, "DEVELOPING A U.S. REGIONAL APPROACH FOR PROMOTING TRAVEL FROM FOREIGN MARKETS".

THE REGIONAL CONCEPT OUTLINED IN THIS PUBLICATION IS THE CORNERSTONE OF USTTA'S EFFORTS, BRINGING TO THE EXPORT MARKET MORE DESTINATIONS AND MORE TRAVEL BUSINESSES AS PARTNERS.

THAT IS WHY USTTA WORKS WITH THE STATES, CITIES AND TRAVEL BUSINESSES TO DEVELOP NEW TRAVEL PRODUCTS TO PUT ON THE FOREIGN RETAIL AND WHOLESALE SHELF - AS WE ARE WITH THE STATE OF MISSOURI, THE GREAT RIVER ROAD, AND AMERICA'S HEARTLAND;

AS WE ARE WITH THE OLD WEST TRAVEL FOUNDATION, FOREMOST WEST AND THE STATE OF COLORADO;

AS WE ARE WITH THE GEORGE WASHINGTON COUNTRY AND THE STATE OF MARYLAND;

AS WE ARE THE STATE OF MASSACHUSETTS AND THE OTHER NEW ENGLAND STATES.

ON FEBRUARY 24TH, PRESIDENT REAGAN AND COMMERCE SECRETARY C. WILLIAM VERITY LAUNCHED ONE OF THE MOST TIMELY AND IMPORTANT

INITIATIVES OF THIS DECADE. IT IS A PROGRAM BASED ON THE EVER IMPROVING QUALITY OF AMERICAN PRODUCTS, ON THE EVER IMPROVING COMPETITIVE ADVANTAGE OF AMERICAN PRODUCTS IN THE WORLD MARKET, AND THE IMPROVED EXCHANGE RATE OF THE DOLLAR. IT IS CALLED "EXPORT NOW", AND IT IS A PROGRAM THAT INSTITUTIONALIZES EVERY EFFORT OF THE UNITED STATES TRAVEL AND TOURISM ADMINISTRATION (USTTA) TO POSITION AMERICAN TRAVEL COMPANIES IN THE INTERNATIONAL TRAVEL MARKET.

TOURISM IS AMERICA'S LARGEST BUSINESS EXPORT. IN 1987, U.S. TOURISM EXPORTS GENERATED $19 BILLION IN INTERNATIONAL TRADE RECEIPTS. THAT MEANS THAT 28.5 MILLION FOREIGNERS CAME TO THE U.S., SPENDING THEIR MONEY BUYING SEATS ON AMERICAN-FLAG AIR CARRIERS, BUYING MEALS IN AMERICAN RESTAURANTS, DRIVING AMERICAN RENTAL CARS, BUYING GOODS AND SERVICES IN AMERICAN RETAIL OUTLETS AND STAYING IN AMERICAN HOTELS, MOTELS AND RESORTS.

SO NOW IS THE TIME FOR AMERICA'S TRAVEL INDUSTRY TO THROW ITSELF HEAD-LONG INTO THE EXPORT MARKET, AND USTTA IS PREPARED TO HELP.

THROUGH REGIONAL "EXPORT NOW" MARKETING CONFERENCES, THROUGH THE PARTICIPATION OF INDUSTRY AND USTTA SPOKESMEN WHO WILL ADDRESS "EXPORT NOW" AT GUBERNATORIAL TOURISM CONFERENCES, THROUGH QUARTERLY NEWSLETTERS PUBLISHED FOR USTTA BY QUALITY INN, AND THROUGH OTHER COMMUNICATIONS AND PROGRAM EFFORTS, USTTA WILL ENCOURAGE MORE AMERICAN TRAVEL COMPANIES TO BE ACTIVE IN THE FOREIGN MARKET. THERE IS NO REASON WHY AMERICA'S TRAVEL EXPORT

EARNINGS CAN'T GROW AT RATES FAR IN EXCESS OF CURRENT PROJECTIONS IF ONLY AMERICA'S TRAVEL INDUSTRY WILL EXPORT NOW.

LAST YEAR, USTTA SUCCEEDED IN BRINGING MORE THAN 3,500 PUBLIC AND PRIVATE SECTOR PARTNERS INTO THE INTERNATIONAL TRAVEL PROMOTION ARENA, CONTRIBUTING MORE THAN $10 MILLION IN SUPPORT OF THE EFFORT.

OBVIOUSLY, THERE ARE AREAS OF THE COUNTRY WHICH ARE VERY ACTIVE IN THE EXPORT MARKET, AND THERE ARE AREAS OF THE COUNTRY WHERE THE INTERNATIONAL MARKET POTENTIAL ISN'T REALIZED.

IN THE CURRENT FISCAL YEAR AND IN THE YEARS AHEAD, USTTA WILL CONTINUE ITS EFFORTS.

THIS IS THE "FY '88 MANUAL OF COOPERATIVE MARKETING PROGRAMS IN USTTA MARKETS".

IT DETAILS ALL OF THE COOPERATIVE VENTURES USTTA HOPES TO EXECUTE THIS YEAR. USTTA HAS PREPARED A TABLE SHOWING THE BREAKDOWN OF THESE ACTIVITIES BY STATE IN EACH MARKET.

I ASK THAT THE TABLE BE ENTERED IN THE HEARING RECORD.

MR. CHAIRMAN, USTTA IS VERY PROUD OF ITS RECORD OF SERVICE TO AMERICA'S TRAVEL INDUSTRY, TO THE STATES AND TO RURAL AMERICA. WITH VERY LIMITED RESOURCES MUCH HAS BEEN ACHIEVED, USTTA HOPES MORE WILL BE DONE.

UNITED STATES TRAVEL AND TOURISM ADMINISTRATION
UNITED STATES DEPARTMENT OF COMMERCE

FY 1989 International Tourism Promotion Projects Planned by USTTA Offices With Various States

	CANADA						MEXICO						SOUTH AMERICA						UNITED KINGDOM						FRANCE					
STATES	COOP ADVTG	JOURNALIST FAM TOURS	AGENT FAM TOURS	TRAVEL MISSIONS	TRADE SHOWS	TRAINING SEMINARS	COOP ADVTG	JOURNALIST FAM TOURS	AGENT FAM TOURS	TRAVEL MISSIONS	TRADE SHOWS	TRAINING SEMINARS	COOP ADVTG	JOURNALIST FAM TOURS	AGENT FAM TOURS	TRAVEL MISSIONS	TRADE SHOWS	TRAINING SEMINARS	COOP ADVTG	JOURNALIST FAM TOURS	AGENT FAM TOURS	TRAVEL MISSIONS	TRADE SHOWS	TRAINING SEMINARS	COOP ADVTG	JOURNALIST FAM TOURS	AGENT FAM TOURS	TRAVEL MISSIONS	TRADE SHOWS	TRAINING SEMINARS
ALABAMA	X									X		X				X		X												
ALASKA	X											X				X		X												
ARIZONA	X	X	X	X										X	X	X				X	X	X			X	X				
ARKANSAS	X									X		X				X		X												
AM. SAMOA																														
CALIFORNIA	X	X	X	X				X	X	X		X		X	X	X		X				X			X			X		
COLORADO								X		X		X		X	X			X		X	X				X	X				
CONNECTICUT	X															X					X	X				X		X		
DELAWARE	X																			X	X					X				
D.C.	X	X		X				X	X							X		X		X	X	X				X				
FLORIDA	X		X				X		X	X		X	X	X	X	X		X				X			X	X		X		
GEORGIA	X							X	X	X		X				X		X												
GUAM																														
HAWAII	X											X				X		X												
IDAHO	X																													
ILLINOIS	X							X								X		X												
INDIANA	X																													
IOWA	X																													
KANSAS	X																													
KENTUCKY	X									X		X				X		X		X	X									
LOUISIANA	X							X	X	X		X				X		X		X	X				X		X			X
MAINE	X	X																			X	X				X		X		
MARYLAND	X			X					X											X	X					X				
MASSACHUSETTS	X	X																			X	X			X	X		X		
MICHIGAN	X																													
MINNESOTA	X																													
MISSISSIPPI	X									X		X				X		X												
MISSOURI	X																			X	X									
MONTANA	X																													
NEBRASKA	X																													
NEVADA	X	X	X						X	X		X		X	X	X		X									X			
NEW HAMPSHIRE	X																				X	X				X		X		
NEW JERSEY	X																								X			X		
NEW MEXICO	X																			X	X				X	X				
NEW YORK	X	X		X				X								X		X				X			X			X		
NO. CAROLINA	X									X		X				X		X				X								
NO. DAKOTA	X																													
NO MARIANA ISL.																														
OHIO	X			X																										
OKLAHOMA	X																			X	X									
OREGON	X			X																										
PENNSYLVANIA	X							X								X		X		X	X	X				X				
PUERTO RICO														X	X	X		X				X								
RHODE ISLAND	X																				X	X				X		X		
SO. CAROLINA	X									X		X				X		X												
SO. DAKOTA	X																													
TENNESSEE	X			X				X		X		X				X		X												
TRUST TERRITORY																														
TEXAS	X	X		X				X		X		X		X	X	X		X		X	X				X					
UTAH	X							X		X		X		X	X	X		X		X	X				X	X				
VERMONT	X			X																	X	X				X		X		
VIRGINIA	X								X	X		X				X		X		X	X					X				
VIRGIN ISLANDS																														
WASHINGTON	X																													
WEST VIRGINIA	X																			X	X					X				
WISCONSIN	X																													
WYOMING	X													X	X	X		X		X	X				X	X				

UNITED STATES TRAVEL AND TOURISM ADMINISTRATION
UNITED STATES DEPARTMENT OF COMMERCE

FY 1989 International Tourism Promotion Projects Planned by USTTA Offices With Various States

	WEST GERMANY						ITALY						NETHERLANDS						JAPAN						AUSTRALIA/ NEW ZEALAND						
STATES	COOP ADVTG	JOURNALIST FAM TOURS	AGENT FAM TOURS	TRAVEL MISSIONS	TRADE SHOWS	TRAINING SEMINARS	COOP ADVTG	JOURNALIST FAM TOURS	AGENT FAM TOURS	TRAVEL MISSIONS	TRADE SHOWS	TRAINING SEMINARS	COOP ADVTG	JOURNALIST FAM TOURS	AGENT FAM TOURS	TRAVEL MISSIONS	TRADE SHOWS	TRAINING SEMINARS	COOP ADVTG	JOURNALIST FAM TOURS	AGENT FAM TOURS	TRAVEL MISSIONS	TRADE SHOWS	TRAINING SEMINARS	COOP ADVTG	JOURNALIST FAM TOURS	AGENT FAM TOURS	TRAVEL MISSIONS	TRADE SHOWS	TRAINING SEMINARS	
ALABAMA												X								X	X				X		X			X	11
ALASKA				X																					X				X	X	8
ARIZONA				X										X			X	X	X	X					X	X	X	X	X	X	24
ARKANSAS												X								X	X				X		X			X	11
AM.SAMOA																															0
CALIFORNIA				X												X		X	X	X		X			X	X	X	X	X	X	27
COLORADO		X		X										X	X		X		X	X	X				X		X	X	X	X	23
CONNECTICUT																		X			X	X									9
DELAWARE																					X	X			X					X	8
D.C.															X						X	X			X		X			X	17
FLORIDA			X						X	X		X		X	X		X		X	X	X	X			X		X			X	29
GEORGIA									X			X								X	X				X		X			X	14
GUAM																															0
HAWAII																		X													5
IDAHO				X															X	X	X				X			X	X	X	9
ILLINOIS		X																				X				X				X	8
INDIANA		X																				X								X	4
IOWA		X																				X								X	4
KANSAS																									X					X	3
KENTUCKY												X								X	X				X	X	X			X	14
LOUISIANA								X	X	X	X	X		X	X					X	X				X	X	X			X	25
MAINE																		X			X	X									9
MARYLAND																					X	X			X					X	10
MASSACHUSETTS									X									X			X	X					X				12
MICHIGAN		X																		X	X	X								X	6
MINNESOTA		X																				X								X	4
MISSISSIPPI								X				X													X	X	X			X	11
MISSOURI																									X	X				X	6
MONTANA																			X	X	X				X		X			X	7
NEBRASKA																									X					X	3
NEVADA				X															X	X		X			X	X	X		X	X	20
NEW HAMPSHIRE									X									X			X	X									9
NEW JERSEY																					X	X			X	X	X			X	9
NEW MEXICO		X		X										X	X		X								X		X	X	X	X	15
NEW YORK															X			X			X	X			X	X	X			X	17
NO. CAROLINA												X								X	X				X		X			X	12
NO. DAKOTA																									X					X	3
NO. MARIANA ISL																															0
OHIO		X																				X								X	5
OKLAHOMA																									X					X	5
OREGON				X																X	X	X			X				X	X	9
PENNSYLVANIA															X						X	X			X		X			X	14
PUERTO RICO																															5
RHODE ISLAND									X									X			X	X									9
SO. CAROLINA												X								X	X				X		X			X	11
SO. DAKOTA																									X					X	3
TENNESSEE									X			X								X	X				X	X	X			X	14
TRUST TERRITORY																															0
TEXAS																		X				X			X		X			X	18
UTAH		X		X				X						X			X	X	X	X					X		X	X	X	X	25
VERMONT																		X			X	X									9
VIRGINIA												X								X	X	X			X		X			X	16
VIRGIN ISLANDS																		X													1
WASHINGTON				X																X	X	X			X				X	X	8
WEST VIRGINIA																					X	X			X					X	8
WISCONSIN		X																				X								X	4
WYOMING				X				X									X		X	X	X				X	X	X	X	X		20

STATEMENT OF
LARRY HENSON, ASSOCIATE DEPUTY CHIEF
WASHINGTON OFFICE
FOREST SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

Before the
Subcommittee on Exports, Tourism, and Special Problems
Committee on Small Business
United States House of Representatives

Concerning Tourism in Rural America

March 11, 1988

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

We appreciate this opportunity to discuss the role of the Forest Service in tourism in rural America. As part of this discussion, I would like to tell you how our new National Recreation Strategy links with rural tourism and economic development.

Concern for the economic stability of local communities has long been the policy of the Forest Service. It was reflected in the direction given by Secretary of Agriculture Wilson to Chief Forester Gifford Pinchot in 1905 when the Forest Service was established. It directed, "In the management of each reserve (National Forest) local questions will be decided upon local grounds . .... Sudden changes in industrial conditions will be avoided by gradual adjustment after due notice."

Community stability is not built on a single industry, whether it be timber, minerals, or recreation and tourism. The key to community stability is a diverse economy, an objective that is in harmony with our multiple-use charter. We are strongly committed to a balanced program of multiple use as a means of maintaining economic diversity in communities dependent on the National Forests.

When we think about tourism we think about recreation. However, attractions are what bring tourists. Without a marketable attraction, tourism is not a viable economic option. The National Forests have an abundance of attractions such as recreation facilities, fish and wildlife, scenic landscapes, lakes and rivers, and cultural and historic features--to name a few. These resources attract people to our forest and rural lands.

The National Forests are truly America's Great Outdoors! They represent the prime outdoor recreation lands in the United States, making up about 8 1/2 percent of the nation. Already, more people recreate on the National Forests than on any other public land. Yet, the National Forests have not reached their full potential in meeting the growing outdoor recreation needs of the American people. There is a lack of awareness of the many great opportunities available on our National Forests.

Our challenge is to get the American people together with their land in a way that best meets their growing and ever-changing outdoor recreation needs.

In recent months the Forest Service has actively been exploring new and innovative ways to better serve the American public.

The result of this work is a new "Recreation Strategy" for the National Forests. The Recreation Strategy is a framework for managing recreation on National Forests within the context of multiple-use management. The objective is to find creative and imaginative ways to enhance the outdoor recreation opportunities on the National Forests. The strategy is focused on six key areas--the Customer, Marketing, Partnerships, the Recreation Setting, Services and Technology.

As part of the National Recreation Strategy Project, we met with hundreds of people inside and outside the Forest Service, documented their ideas, and capped the effort with a Recreation Symposium at Lake Geneva, Wisconsin, in November, 1987. The symposium attendees--representing the Forest Service and representatives of the outdoor recreation community--gave us some extraordinarily good advice.

They said, "The public's changing. Find out what the customer wants. Do what you do best, take care of the wonderful resources you have. Build on past good work." They said, "Get on with the job!"

The Forest Service is acting now to raise the level of cooperation between the business community and the Agency in promoting tourism in rural communities. One of the key elements of the Forest Service strategy is partnerships.

We are forming partnerships with state governments, communities, private sector businesses, and individuals. Partnerships--people working together to achieve common goals--are our preferred way to provide better customer services and to expand the recreational opportunities on the National Forests. These partnerships can take many forms, such as private businesses investing in new recreation facilities on the public land, management of publically financed facilities by non-profit organizations, and community volunteers, to name just a few. The possibilities are infinite. We believe that forging these partnerships, with customer service as a paramount objective, is the most effective way to promote tourism in rural America.

Enhanced attractions and public service are only part of the tourism story, however. The other part is informing people about the attractions and services available, otherwise known as marketing. Information sharing and dissemination is the key to opening up our collective resources for more people to enjoy.

Again, partnerships are the key to action and success. Few can go it alone. In order to market a commodity you must identify an opportunity, package it, and then advertise it. How do we get folks off the freeway to "discover" the scenery of our rural communities and forests? "Packaging" information about small, logical discovery loop tours could work in some areas. Even the Mark Twain National Forest, which straddles the history-rich Ozark Plateau, needs to be packaged and marketed in bite-sized recreation adventures. Who could turn down an opportunity to explore an area populated with warm, friendly people, of diverse landscape, with connecting ridges, granite knobs, hills, open glades, deep hollows, clear, cool-flowing streams, and dotted with numerous springs, caves and sinkholes? People just need the knowledge that it's there.

By working together, information regarding all the recreation attractions in a given region can be exchanged, consolidated, and disseminated to the public. The private sector could provide publications about these resources. The Forest Service, with its capable staff of biologists and interpretive specialists, could provide information pertinent to the National Forests. The local communities could provide information on attractions and services within the incorporated areas. Appropriate State tourism agencies, such as the Missouri Division of Tourism, are an important ingredient in any such effort.

The point is, Mr. Chairman, that strong partnerships are needed all across rural America to market local attractions, and we want to be involved in the partnerships. We have several ongoing cooperative programs at the national level. We have been involved in literally hundreds of cooperative ventures across the country. Here locally, on the Mark Twain National Forest, we have cooperated with the Ava Chamber of Commerce in regard to the Glade Top Fall Color Tour, white water kayakers in regard to the White Water Canoe Races on the St. Francis River, and with motorcycle clubs who maintain over 100 miles of National Forest trails. We are extremely eager to do more!

In summary, let me state that we are excited about our new Recreation Strategy! We are enthused and committed. We are willing to try out new ideas and new approaches. It's extraordinary in the way it opens up doors of opportunity for us in our thinking, in our work, and in our relationships with private enterprises, local governments, organizations, and individuals. We are convinced that these opportunities will lead to an enhancement of rural tourism and community stability.

Tourism in rural America is unique, it's exciting, it's tranquil, it's packageable, and it's marketable if we work together. A climate that fosters partnerships is the key.

Thank you, Mr. Chairman, this concludes my testimony. I would be pleased to answer any questions you may have.

Lexington Chamber of Commerce
PH. 816-259-3082 1127 Main St. #1 Lexington, Mo., 64067

March 11, 1988

Mr. Chairman & Members of the Sub-Committee:

My name is Judi Nicholas and I am the current president of the Lexington Chamber of Commerce. On behalf of the chamber of commerce we want to welcome the sub-committee to Lexington, we are please you have taken the time to visit with us and listen to some of our imput concerning tourism and economical development for our area.

Most of you are aware, Lexington has a historic past, it was settled in the 1820's and soon became a booming farming community and river town. Traders, fur trappers, and suppliers brought a brisk business to the community, which for a few years was the most western settlement outfitting wagon trains for the Santa Fe and Oregon Trail.

Many large, beautiful houses and public buildings were built in the 1840's, this included the building in which we are standing. The Lafayette County Courthouse, was completed in 1847 and is one of our focal points for Lexington. There are over 100 antebellum homes still standing in our community. Prosperity was temporarily disrupted by the Battle of Lexington in 1861, when pro-south forces captured the town. After the Civil War, Lexingtom became a mining and educational center. She has four historic districts listed in the National Register of Historic Places. As you can see we have much to offer in the way of tourism.

Tourism is an important industry for Lexington and there are dollars to be generated through the marketing of this industry. Tourism would help to expand our economical growth, there by stimulating future businesses, such as restaurants, service stations, hotel's, motels, stores and shops. This in turn will generate additional taxes which will be used toward better streets, curbs schools and parks. There is really no limit to the amount in which our community could benefit.

Lexington Chamber of Commerce

PH. 816-259-3082 1127 Main St. #1 Lexington, Mo., 64067

To help market Lexington we have contracted to have two video tapes made, one for Tourism and one which, will give the necessary information to an individual or company considering locating in Lexington. We also send brochures and printed material to the seven Tourist Centers in the state as well as Auto Club offices, motel's and tourist agencies around the country. A lot of information is sent to individuals requesting tourist information about Lexington. Plans are underway to take advantage of the computor set-up's at the Tourist centers. The necessary information will have to be compiled before these plans can be implimented. Last year we had a Uni-sign installed on I-70 to advertise our community and a few months ago we had lights added so the sign would be visible after dark. We advertise from time to time in outside publications on our community activities. We arrange tours through the chamber office and are currently working with the American War Dad's on arrangements for their National Convention in September. We have contacted some of our homes to open during the summer months for Mini tours and hopefully plans will work out for some Bed and Breakfast in the near future.

There are many programs and activities in our community that are co-operative efforts, The Old Homes Tour which takes place every two years, the Battle of Lexington Re-enactment, every three years, this is co-ordinated with the Department of Natural Resources. A re-enactment is scheduled in Lexington this year on Sept. 17th & 18th. Harold's Softball team has done much to help spread the word about Lexington, Missouri throughout the country. We have the River Festival every year and Wentworth Military Academy does many things to bring others into town, one impressive event is the Sunday, Dress Parades on campus during the school year. We work with the Lexington Community Betterment Program, we are members of the Missouri Travel Council, the Missouri Chamber of Commerce, we have an active Historical Society, who are currently working on a project to restore a 1830's Log Cabin which was found last year. Our chamber secretary serves on the board of the Lafayette County Economical Development Authority as well as two of our prominent citizens. This committee tries to promote all

Lexington Chamber of Commerce
PH. 816-259-3082 924 Main Box 457 Lexington, Mo., 64067

of Lafayette County. Our Lexington Industrial Development Corporation is very active in promoting economical development in Lexington. We all realize it takes a united effort if we are to succeed.

The state has co-operated in our efforts to restore the Log Cabin, with the Neighborhood Assistance Program which gives tax credits as an incentive for donors. We are also glad the state has decided to put additional funds in the Battle of Lexington State Park, by adding a visitors center and eventually restoring the summer kitchen at the Anderson House. One thing we would like to see, is a better look by the state highway department into the marking of our State Parks on the Interstate Highways. More tourism could be generated if all the State Parks are identified by special signs along our interstates. We would like to mention another effort recently, a Neighborhood Assistance Program to help restore and maintain our downtown area as well as some residential areas in our historic districts. With these funds available it will help encourage others to fix up their buildings for future businesses.

We know their are funds available at varieous times, however there needs to be a better way of staying informed regarding the resources that are available. At the present time it is hard to locate, where to go and who to contact for information. We would like to see more focused on our rural and small communities, we do not have the manpower or resources to call upon as the metropolitain areas do.

We hope the information we have given you will give you a better insite as to our community and its needs. Thank you again for your time and effort and we want to extend an invitation to visit with us again. If we can be of future help, please contact our Chamber of Commerce office.

SMALL BUSINESS SUBCOMMITTEE ON TOURISM

LIDC TESTIMONY

MARCH 11, 1988

Lexington Industrial Development Corporation (LIDC) is a non-profit corporation composed of local stockholders who elect a board of directors to carry out efforts to develop existing industry and foster new industry, and recruit movement of industry to Lexington.

Our testimony would be that the use of existing tourism and further development of tourism would be a viable tool for economic growth and development in our community. The current level of cooperation between the business community and government in promoting tourism in rural communities, however, could be described as disjointed at best.

I. Economic importance of tourism to your business or community

The economic importance of tourism to our community cannot be overstated. Lexington, Mo. has a rich historical heritage represented by many historic commercial buildings, houses and Civil War battleground that is a State Park. In addition, we have a museum that exhibits perhaps the finest collection of memorabilia in the country. We also boast the home of the "Madonna of the Trail" statue, marking the Santa Fe Trail, and one of the actual cannons from "Old Ironsides" located in one of our local parks.

Fully developed tourism in Lexington would mean thriving antique dealers, restaurants, motels and other ancillary businesses, and possible population increases. With our one cent city sales tax, this translates directly to financial gain for not only our private enterprises, but also city government and our school system.

II. Current and proposed marketing efforts

LIDC has and will continue to work in a support role in any marketing efforts our Chamber of Commerce, City Government, or any other entity wishes to pursue. We have donated funds and helped in the creation of brochures and a fact book for the City of Lexington. We are developing a video tape of Lexington's strengths to have available for seminars, conferences, business prospects, etc. LIDC is usually represented at the annual Governor's Economic Development Conference, trying to promote Lexington, and find new ways to put Lexington in a competitive position for economic development.

III. Programs in which you have participated to promote tourism or rural economic development

Private and local programs LIDC has participated in would include community betterment, Lexington Historical Association, Chamber of Commerce and donations to an I-70 highway sign promoting Lexington.

State Programs Hawthorne foundation donor, community development block grant, neighborhood assistance program, and the Mainstreet program, and Missouri Industrial Development Corporation. The State Park designation for the Civil War battleground is also vital.

National Programs We have historic buildings and houses on the National Historic Register.

IV. Adequacy of local, state, and Federal governments' cooperative efforts in promoting tourism and economic development

As mentioned earlier, the cooperative efforts to promote tourism has been disjointed and not well coordinated. For example, the state is spending over one million dollars on further developing our state park battleground. Most of those funds will go toward a visitor's center. However, the state, through lack of coordination, has refused, to date, to put up signs on I-70 indicating the prescence of a state park just 15 miles north. We are delighted to have this state park, but why not promote it through signs on our state's main East-West highway.

Federal government programs on tourism have only touched Lexington through our several designated structures on the Historic Register.

In summary, Lexington has vast potential to develop a tourism industry, and while efforts are being made, and have been made to develop this industry, much of the effort seems to lack the coordination of city, state and Federal programs, and to date, we have fallen short of that vast potential. Education of our citizens, awareness of state and Federal program availability, local initiative and coordination of effort are some basic components of the formula to accelerate our move to more fully develop this vital industry for our community.

Ron Hawley, Vice President
Lexington Industrial
Development Corporation

Testimony Presented
on
The Missouri State Park System
and its Relationship
to Tourism
in Rural Missouri

before

Subcommittee on Exports, Tourism and Special Problems

Committee on Small Business

Lexington, Missouri

March 11, 1988

Submitted by:

Wayne E. Gross
Director
Division of Parks, Recreation, and Historic Preservation
Department of Natural Resources
P.O. Box 176
Jefferson City, Missouri 65102

Those of us who have been entrusted with the care of Missouri's outstanding system of state parks and historic sites have been long aware of the importance of tourism as a factor in the operation of this system, and of the contribution made by tourism to the totality of our state's economy. We welcome the support of the Subcommittee on Exports, Tourism, and Special Problems, and we are grateful for the opportunity to present testimony on this subject today.

Our state has been blessed with a multitude of scenic and natural wonders, and an amazing degree of survival of its historical and cultural sites. From its inception shortly after the turn of the century to the present, the Missouri state park system was always perceived as having a dual role to play. It was charged with the responsibility of maintaining and preserving these outstanding resources, while at the same time making them available to a visiting public which in increasing numbers took advantage of the opportunity and in doing so provided not only financial support for the continued preservation of the parks and sites, but significantly added to the fiscal vitality of both local and state economies.

We have been acutely aware of the importance of our park facilities to local businesses, and of the strong interest of businessmen from neighboring communities in the activities at nearby parks. In the late 1970s an informal study estimated an impact in the order of 12 million dollars on the local Lebanon economy due to the proximity of Bennett Spring State Park. Now, a recently completed survey gives a more statistically valid and broader picture of the entire system, and its relationship to the state economy as a whole. The Public Area Recreation Visitor Survey (PARVS), completed last year by the U.S. Forest Service under contract to the Department of Natural Resources, provided a detailed analysis of the demographics and economics of state park visitation in Missouri.

In the limited time available I will only cite a few relevant statistics from this study, but I think they easily demonstrate our vital link to the tourism industry in Missouri. The state park system is now recording in excess of 12 million visits per year, and three-fourths of these visits are made by persons who say that the state park they were visiting was the only destination for the trip. Thirty-seven percent of these visits represent travel from more than 75 miles away, and about one fourth of the visitors are from other states.

What does this mean in financial terms? Each visit represents an average expenditure of about $10.00, and each of our approximately one million overnight guests represents a local expediture of about fifty dollars. Thus the total estimated expenditure by park visitors in the local economies surrounding all 74 units of the park system is in excess of 100 million dollars. It is apparent that even using a conservative multiplier, and in not pushing the statistics beyond their mathematical validity, the total impact of the Missouri state park system on the economy of our state is in excess of several hundred millions of dollars per year.

Entirely aside from these quantitative factors which indicate a major role for our state park system in the tourism industry, it seems to us that tourism is an especially beneficial activity to incorporate within the economic structure of our smaller communities and rural areas. We are seeing a general trend in the United States wherein the economy of the nation is shifting from a manufacturing base toward a service orientation. The closure of small industries in rural Missouri (dozens of shoe factories in small Ozarks communities for example) has left a considerable void, and it seems to be necessary to the economic wellbeing of these areas that their economy must shift to a more diversified base.

Tourism becomes an ideal vehicle for such diversification in rural areas since to develop it as an industry requires a relatively limited financial investment, the major capital asset required being in fact the natural or cultural resources themselves. The labor force requirements are easily met in rural communities since they involve application of primarily low tech skills and training, and a high degree of friendliness and hospitality, attributes that exist in great abundance in the population of rural Missouri. Thus, tourism as an economic concept achieves an almost impossible goal -- the non-consumptive use of resources that are indefinitely renewable for use in the future.

As a final thought concerning tourism as an economic tool for rural areas, the study referred to previously, PARVS, indicates that while 95% of our parks are in rural locations, 60% of all Missouri visitors come from metropolitan areas. Thus it would seem that the park system, through the vehicle of tourism, acts as a leveler, blending the economic concerns of our urban and rural areas into a closer dynamic relationship.

The Missouri state park system has always acknowledged the importance of tourism, Missouri's second largest industry, and has cooperated fully with the Missouri Tourism Commission to seek further opportunities to expand services to our citizens while enlarging our contributions to the economy. Specifically, we have cooperated with them in informing a wider audience of the services and facilities available throughout the system by public service announcements, and by paid radio and newspaper advertising. We have, on our own, and in cooperation with Tourism, increased production of posters, brochures, bumper stickers, decals and other like items. We have broadened our public contacts by use of traveling exhibits at sport shows, fairs and other mass public events, and we have increasingly sponsored special events of our own such as a balloon race, Civil War battle reenactments, art exhibits, music festivals and a statewide photo contest.

An extremely popular feature has been the installation of a toll free telephone number by which visitors may reserve campsites and motel rooms, and instantly receive all other information concerning the park system at no cost to themselves. We will continue to market the park system aggressively and to cooperate with the Missouri Tourism Commission in pursuing our mission of providing continuing support to the economy of our state and our neighbor communities, while at the same time safeguarding the resources entrusted to our care.

We welcome the interest of the Subcommittee on Exports, Tourism and Special Problems, and we thank you for your visit to our state. We appreciate your coming here and, as our signs say, please remember you are always welcome in Missouri State Parks.

It seems that frequently the gravity and validity of a person's comments are measured by the size and weight of the paper. I suspect that by the nature of your individual positions the size and weight becomes burdensome. I very much appreciate the opportunity to testify at the Lexington Field Hearing on the Small Business Subcommittee regarding rural tourism. My remarks are intentionally brief.

Russ Campbell
President
National Caves Association
General Manager, Fantastic Caverns

The membership of the National Caves Association is composed of the country's premier show caves. The membership is diversified with annual attendance ranging down from around 500,000 per year to attractions with less than 20,000 admissions per year. Fifty of our 65 members have an annual attendance of under 100,000. Since the location of a cave is a natural phenomena determined by geology, almost all are located in rural america...small rural tourist attractions.

Historically, caves have played a significant role in the development of the travel industry. Recreational travel really began in this country late in the 18th century.

The Industrial Revolution produced vast changes for American society, fostering recreational travel. In increasing numbers America's wealthy traveled. More people shared time, money, and most importantly, rail transportation. At first travel was limited to natural wonders: the sea coasts and mountains. Our first attractions developed. Some of the very caves explored by early settlers were popularized by rail service: caverns like Luray, Grand, and Mammoth. Resorts also developed in the form of health spas associated with mineral springs. Yet, travel was limited to the wealthy.

Continued mechanization and World War I created demand for and availability of leisure travel in the middle class. When Henry Ford mass-produced the automobile for the average man, the travel industry came to life. Middle income auto travel initially followed the pattern of earlier rail travel, though regionalized due to our primitive highway system. Families traveled to natural wonders, including the existing cave attractions.

Depression dampened travel in the 1930's but the W.P.A. and C.C.C. projects produced much needed improvements in our Parks System and expanded a primitive highway network. We now had a transcontinental highway system. This period also saw development of a new type of overnight lodging to serve the traveler. Our first motels were built.

World War II interrupted travel activities for six years. The technological improvements made during the War, however, were instrumental in producing the modern automobile. Following World War II the stage was set for an unprecedented expansion of recreational travel. The average American's automobile was now capable of traveling sixty mph, we had a national highway system, and thanks to continued mechanization and our labor movement, Americans had increased leisure time and disposable income. Existing show caves, both public and private, were inundated. Those who had received publicity prior to the War were in the best position. Carlsbad Caverns saw attendance grow from 193,000 in 1945 to nearly 552,000 in 1952. We also saw the proliferation of billboards. The success formula in the private sector was to have a cave reasonably accessible to the highway traffic, a counter to sell tickets from, and billboards. It was about that simple. Many of the existing caves saw rapid expansion. Cave attractions handled a high percentage of the traveling public. They were one of the very few existing attractions and were set to prosper throughout the 1950's.

The 1950's brought something else to the travel industry. When things get too prosperous, somebody else wants a piece of the action. The travel industry was booming. Serious competition was developing: small frontier cities, reptile gardens, water sports, outdoor theaters, and early theme parks. Our economy was strong, creating increasing demand for the expanding travel attractions.

If the 1950's boomed, the 1960's and early 1970's were icing for the cake. Our economy continued to expand rapidly. The 60's decade saw unprecedented economic growth. We now had the interstate highway system, 70 mph speed limits, and automobile air conditioning. American society was affluent and mobile. Travel was fashionable. Our preoccupation with travel might well be reflected in the General Motor's advertising campaign of the early 1960's, "See the USA in your Chevrolet." Competing attractions increased in number, but in prosperous times there seemed "plenty to go around." According to an experienced cave manager referring to this period, "In the 60's and early 70's operating a cave was much simpler. It pretty well boiled down to how hard you wanted to push your attendance curve up, as to what degree you increased your advertising level.

When recreational travel was emerging, as early as the Industrial Revolution and as late as WWII, cave attractions played heavily in travel plans and saw little in the way of competition. During the expansion of the 1950's, 1960's and early 1070's cave attractions were established and many scored large traffic increases. Caves still figure heavily in travel plans, even though late in this period large man-made entertainment complexes became the industry leaders. Historically caves have played a big role in recreational travel. Caves were the original tourist attractions.

So what's the status of rural attractions, specifically caves, today? At most attractions attendance has been static or declining for the past ten years or so. Why? Perhaps no simple answer. Recent industry growth has favored urban areas. Perhaps, initially because of gasoline prices, later, maybe because our energy efficient cars aren't as comfortable on long trips and more recently due to two family incomes...disposable income is there but disposable time is limited. The market place for rural tourism is changing...but that's something the industry can and will adapt to. So what can government do to assist rural travel? I think the answer is quite simple....rural attractions have always been by their nature promotionally intense. The markets have always been distant. Much of our efforts and budgets have gone into selling our facilities. Gone are the days of simply nailing up a few billboards to attract motorists. Our most successful attractions are located within 300 miles of their major markets. Many caves are marketed with the same sophistication as national products. My business, Fantastic Caverns, averages spending 25% of its gross receipts on marketing...some years as high as 36%. That's $1.50 - $2.00 per capita. We rely heavily on the electronic media, principally television, to presell our visitors. There's one thing almost all private rural attractions lack in their marketing programs....directional signing. The Federal Highway Beautification Act greatly limits and in many cases removes our ability to sign key intersections. We can expend great effort and monies to sell our rural attractions, but if the public "stumbles" trying to find us most just simply go on to their next destination. The Highway Beautification Act was never intended to remove directional signing...it was intended to control roadside advertising. The difference is day and night. Without directional signing all forms of marketing are greatly reduced. What can government do? Simply remove the barrier. If the controls of the Beautification Act are still necessary, which I question, then give us the same directional signing public attractions enjoy....official on the right of way directional markers. Public attractions with annual visitation of under 10,000 enjoy official signage. While the signage, if even available, to the private sector requires annual attendance of several multiples of a hundred thousand....here in Missouri the threshold is one million annual visitors. A case could certainly be made for unfair competition.

Conclusion

What can government do to assist rural tourism? Simply remove the barriers and put us on an equal directional signing basis as our public counterparts. Don't create new barriers. Public attractions (Federal, State, and Municipal) have proliferated. On the surface the expansion looks great and in moderation is good. The public attractions that started with the National Park Service have spread to the Forestry Service, Corps of Engineers, State Parks, Department of Conservation, Municipal Zoos, Museums...the list goes on and on. All subsidized by tax dollars. The state of Kentucky recently opened a theme park. Are we on the verge of creating a subsidized attraction system the private sector can't compete with? I suspect so. In some areas it may already have occurred....perhaps in Kentucky. It's almost impossible to expand private rural tourist attractions by creating more tax subsidized attractions. (It would be hard for a good corporate attorney with a fixed expense of $150.00 per hour to compete with a government corporate program offering a service level of $250.00 per hour that charges only $25.00).

What about raising gasoline taxes? A good case can be made for adding $.75 or a $1.00 per gallon. Remember the last time gasoline jumped dramatically. Rural tourism declined 30 - 40 %.

Before we look to new programs to stimulate rural tourism, remove and anticipate the barriers. The results would be pleasing.

The Agricultural Hall of Fame and National Center

630 North 126th Street, Bonner Springs, Kansas 66012
913/721-1075

March 4, 1988

Honorable Ike Skelton, Chairman
Committee on Small Business
B-363 Rayburn House Office Building
Washington, D. C. 20515

Dear Congressman Skelton:

Per my recent phone conversation with Brenda Pulley and your invitation to participate in your Lexington, Missouri field hearing on the importance of tourism in rural America, I submit the following comments on the five main points of your requested information.

1. To put it in the very basics of rural terms, every tourist is equal to an acre of corn and a heck of a lot easier harvested (or picked if you will!). In other words, for every adult tourist you can entice to spend the day in your area, that area will enjoy more profit than from an average acre of corn, even in a good year, and as you know there are sometimes barely three good years out of five down on the farm.

The next time you see an out of state car traveling the highways of your state with a vacationing family in it remember it is just like seeing a truck load of farm products going to market. The economic impact is there and far too few rural communities do not realize it.

2. The Agricultural Hall of Fame and National Center fully realizes the importance of visitors/tourists to its survival and spends at least half its budget in developing new displays to attract these visitors and in advertising to make them aware of its existence, where it is and how to get there, and enticing them to stop. Every year almost half a million of our brochures are requested by phone or mail or picked up in over 600 locations on major highways in the midwest.

The results, over 65,000 visitors a year (up from 19,000 a year ten years ago) from every state in the Union and 17 to 23 foreign countries, proving that advertising and promotion pay off. While the Hall of Fame does not itself promote internationally, area agri-business, associations, and organizations, especially

NATIONAL
FARMERS MEMORIAL

the Agriculture Department of the State of Kansas, and land grant College, K-State of Manhattan, do for us; and we have hosted hundreds of tours such as Avocado Growers from Mexico (3 times now), Soybean Growers from Brazil, Sheepmen from Austrailia, etc.

3. The Hall of Fame works with all the city, county, regional and state tourist developmental and service agencies it has access to, but we have not had the opportunity to work with any such organizations on a national level. In the last few years we have often mentioned a possible trip to USDA in Washington, D.C. to see if there would be some way they could help generate tours to the breadbasket of the world (the midwest) and the Hall of Fame, but that as yet has not materialized.

We do, however, promote and solicit quite heavily the several hundred bus tour companies in the nation and pick up several additional tours that way. A bus load of forty people has the potential yield to a community of profits equal to forty acres of corn.

4. To this date we have never received any real help from any of the smaller travel developmental or service agencies. In general, they lean on us to get the tourist here, and then through signs and brochures they make their own appeal. Only the larger cities have the financial base to launch any large scale effort. What any area needs is more visitors drawn to that area by whatever means is necessary. Far too many work on the visitors who are already in the area and often there aren't enough visitors or visitor money to go around. Attracting additional visitors to a community is the real name of the game.

5. The Agricultural Hall of Fame and National Center, its Executive Board and staff would support the recently introduces bill (H.R. 2357) calling for the establishment of a nonprofit federally chartered "Tour U.S.A. Promotion Corporation" and strongly urge that tours to rural America become one of its main priorities.

The very fact that the Hall of Fame is visited by tourists from 17 to 23 different foreign countries each year is a strong indication there is a strong interest in American agriculture from all over the world and that we could/should take advantage of it. Also, if you could only spend some time here during an average workday and talk with our many foreign visitors you would find that American agriculture is of great interest to them and it should be. Most other countries economy is still tied to and often limited to agricultural production and the American way is somewhat of a miracle. They wish to see and experience first hand how it is done. I'm sure foreign tours to America's heartland would improve the economy of many such areas, and urge that such a program be effected as quickly as possible.

Congressman Skelton, I'm sure when you invited me to make these comments you were not aware that tourism has been of lifelong interest to me.

I worked for an advertising agency for seventeen years, and during that time we mor or less developed the current Missouri tourism program, experimented and developed the Missouri Information Center network and was one of three persons that developed the Kansas City, Missouri Visitors Bureau (later merged and became the Convention Bureau) in 1965-66. I ran my own consulting firm (specializing in tourism) several years before answering the Hall of Fame's board call for help in 1977. I am now starting my twelth and final year as Director here. My experience with tourism is the single most important factor of my success here.

Warmest personal regards,

Harold Adkins
Executive Director

HA:uo

Enclosures

P.S. after receiving more information on What you need the copy contained in this letter is being expanded and put in a more appropriate form. I will have 30 Copies for the Hearing.

Harold Adkins
3/8/88

FOR EVERY 100 TOURISTS VISITING AN AREA -

EACH DAY OVER A ONE YEAR PERIOD (36,500 VISITORS A YEAR) THIS MEANS...

100 NEW JOBS

$675,000
IN PERSONAL INCOME
EACH YEAR

INCOME TO SUPPORT
333 PEOPLE

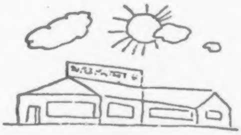
$130,000
IN BANK DEPOSITS

100 NEW HOMES
OR APARTMENTS

OWNERSHIP OF
133 PASSENGER CARS

TAX MONIES TO EDUCATE
42 SCHOOL CHILDREN

$534,000 IN RETAIL SALES
AND SERVICE RECEIPTS
PER YEAR



SUFFICIENT SALES
TO SUPPORT 3 RETAIL
OR SERVICE ESTABLISHMENTS

PREPARED BY:
DEVELOPMENT DEPARTMENT
STATE OF OHIO

FOR INFORMATION ON
TRAVEL PROMOTION AND
TRAVEL INVESTMENT OPPORTUNITIES
CONTACT:
TRAVEL AND TOURISM
DEVELOPMENT DEPARTMENT
BOX 1001, COLUMBUS, OHIO

SALES TAX AND TOURISM

Chart 3 shows the correlation between sales tax collections by the state and tourist spending.

For the past winter season, the effect of both increased numbers of tourists and their increased spending is apparent.

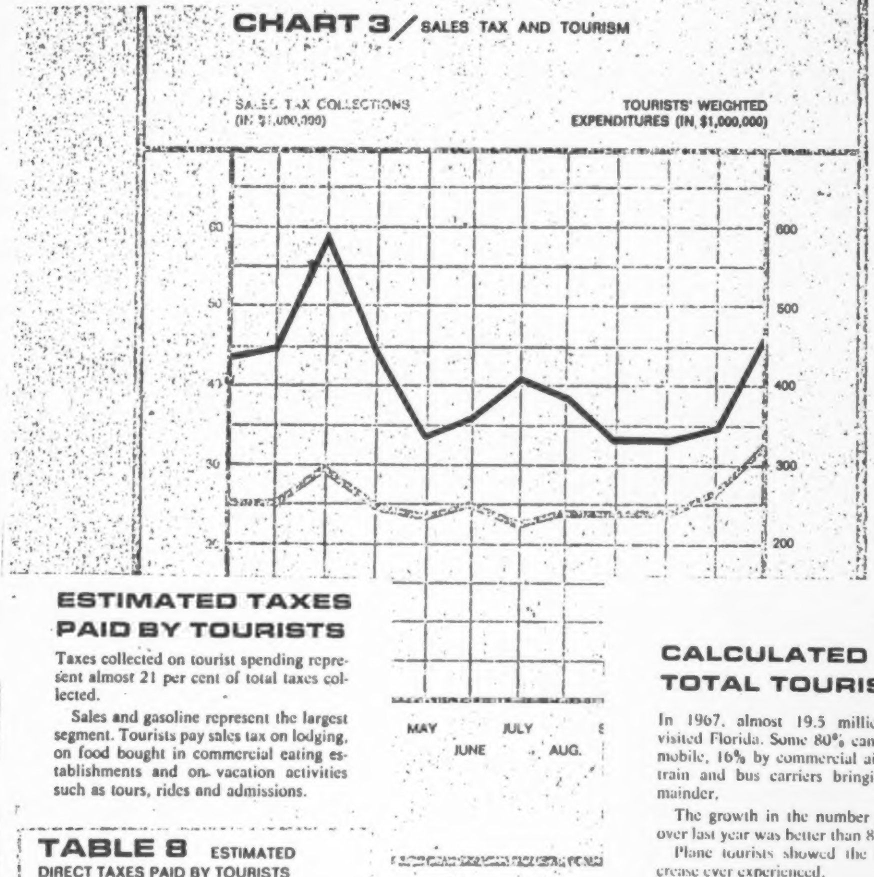


CHART 3 / SALES TAX AND TOURISM

ESTIMATED TAXES PAID BY TOURISTS

Taxes collected on tourist spending represent almost 21 per cent of total taxes collected.

Sales and gasoline represent the largest segment. Tourists pay sales tax on lodging, on food bought in commercial eating establishments and on vacation activities such as tours, rides and admissions.

TABLE 8 ESTIMATED DIRECT TAXES PAID BY TOURISTS

Type of Tax	Amount
Sales and Gasoline	$183,586,523
Cigarette	9,443,702
Beverage	4,892,544
Hunting and Fishing Licenses	551,776
TOTAL	$198,474,545

CALCULATED TOTAL TOURISTS

In 1967, almost 19.5 million tourists visited Florida. Some 80% came by automobile, 16% by commercial airline, with train and bus carriers bringing the remainder.

The growth in the number of tourists over last year was better than 8%.

Plane tourists showed the largest increase ever experienced.

The summer months of June, July, and August continued to be months with largest numbers of entrants while December ranked fourth. Table 1 and Chart 2 illustrate both the variations and consistencies in tourist travel patterns, with the Easter season accounting for the apparent shift of March and April peaks.

TABLE 1 / ESTIMATED NUMBER OF TOURISTS ENTERING FLORIDA BY MONTH, BY TRANSPORTATION

Month	Auto	Plane	Train	Bus	Total
January	986,921	272,265	32,652	34,808	1,326,646
February	994,023	291,235	28,268	29,508	1,343,034
March	1,338,801	370,163	29,945	46,285	1,785,194
April	1,040,034	263,586	21,716	23,527	1,348,863
May	1,095,325	217,104	18,475	27,862	1,358,766
June	1,732,468	246,319	24,580	34,290	2,037,657
July	1,985,019	258,071	35,481	39,354	2,317,925
August	1,857,038	270,371	33,934	40,619	2,201,962
September	1,052,075	189,864	20,354	28,381	1,290,674
October	1,025,784	216,587	17,742	27,524	1,287,637
November	1,053,745	272,058	22,475	27,958	1,376,236
December	1,394,150	336,149	38,193	49,417	1,817,909
Total	15,555,383	3,203,772	323,815	409,533	19,492,503
Percentage Distribution	79.8%	16.4%	1.7%	2.1%	100.0%

TABLE 2 / ESTIMATED NUMBER OF VISITORS ENTERING FLORIDA

TRAVEL FROM THE UNITED STATES:

 AUTO	17,578,000
 PLANE	3,943,000
 TRAIN	412,000
 BUS	450,000
 PRIVATE AIRCRAFT	500,000
 PRIVATE PLEASURE BOAT	5,000
TOTAL	22,888,000

TRAVEL FROM FOREIGN COUNTRIES:

 SEAPORTS	192,000
 AIRPORTS	922,000
TOTAL	1,114,000
GRAND TOTAL	24,002,000

CHART 2 / TOURISTS ENTERING FLORIDA BY MONTH, 1964-67

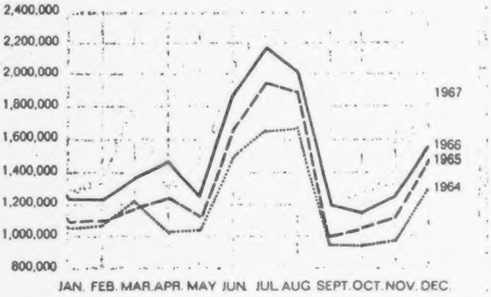


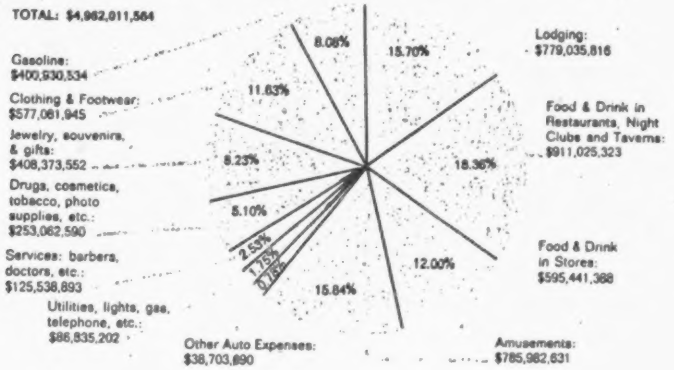
TABLE 6 / ESTIMATED NUMBER OF TOURISTS, EXPENDITURES AND LENGTH OF STAY — 1963-1967

Item	1963	1964	1965	1966	1967
Estimated Number of Total Tourists	14,208,279	14,484,692	16,063,687	17,948,980	19,492,503
Estimated Total Expenditures (in 1,000)...........	$2,522,398	$2,586,387	$3,872,634	$4,311,345	$4,962,012
Average Expenditure Per Person per Stay..	$177.53	$178.56	$241.08	$240.20	$254.56
Average Expenditure Per Person per Day..	$14.80	$15.76	$16.18	$16.34	$17.20
Average Length of Stay Per Person (Days)..	11.30	11.33	14.90	14.70	14.80

TABLE 7 / TOURISTS' EXPENDITURES AND LENGTH OF STAY

Item	Year	Winter	Summer
Average Expenditure per Person per Stay.......	$254.56	$334.16	$177.23
Average Expenditure per Person per Day........	$ 17.20	$ 18.26	$ 16.26
Average Length of Stay per Percon (Days).......	14.80	18.30	10.90

CHART 4 / DISTRIBUTION OF THE TOURIST DOLLAR IN FLORIDA



THE KANSAS CITY STAR Sunday, July 28, 1974

Just Call Him 'Mr. Tourism'

"Well, to begin with, it is not a booth and it is not a watermelon stand. Those are fighting words. It is a full-fledged tourist information center; it is an experiment and it is working."

These were the remarks Harold L. Adkins, operator of the privately owned Harry S. Truman Greater Kansas City Area Travel Information Center on I-70 at the Grain Valley exit, made as he approached the modern octagonal building boasting its services and 72 free things to do in the area.

Adkins, a former outdoor advertising director of a Kansas City-based advertising firm, is proud of the center, proud of Kansas City and a firm believer in the tourism potentials here.

He also was quick to add he believes that Kansas City has the most underdeveloped tourism of any city in the world.

Adkins, a native of Bethany, Mo. and a long-time resident of Kansas City, said his personal traveling experience and visits to tourist traps sparked his interest in local tourism.

One of the developers of the city tourism commission, Adkins worked on the first Kansas City fun calendar that appeared in the early 1960s. The fun calendars now are compiled and published each season by the Greater Kansas City Convention and Visitors Bureau.

"The former advertising man said the area has too many legitimate attractions to allow them to lay dormant. He cited the history of the area: Jesse James, Fort Osage, the first outpost developed by Lewis and Clark and the Civil War battles.

Adkins said even existing attractions such as the Country Club Plaza are "resting on their laurels" and not developing. He said that when his information center opened in 1971 all inquiries were focused on the Plaza. It is not so anymore, he added.

Since 1971 about 500,000 motorists have stopped at the center. Adkins said the first year he manned the center himself to learn what the people wanted and how to serve them. Adkins now has three full-time employees and three part-time workers. The center is open all year—Sundays and holidays—from 9:30 a.m. to 7 p.m. (5:30 p.m. closing in the winter.)

Financed through advertising displays set up inside the building, the center has an annual operating budget of about $24,000.

Adkins said his first job at the center is to stop motorists. This he does in part by using the Truman name.

The late President gave permission for use of the name and the Truman Library also has donated an exhibit for display at the center. The display is of birthday cards sent to Mr. Truman by school children. "They (library personnel) have said they will be sending his cane, but we haven't seen it yet," Adkins said.

Adkins believes the Truman Library and home do not get proper publicity. He said any area can develop and promote a theme park or a shopping area, but the Kansas City area is the only place that can claim Truman. "The man from Independence," he said firmly.

"I don't want to play politics, I just want to do a damn good job promoting tourism," Adkins said. Referring to himself as Mr. Tourism, Adkins said he has been trying to analyze the Kansas City area 20 years and still is trying to get a clear picture of the situation.

The center on I-70 is the first of six such centers Adkins plans to operate. A center near Kansas City International Airport is to open in 1975 with construction beginning this winter.

Adkins pointed out that his information center is authorized to promote tourism in behalf of the Missouri Tourism Commission and the Kansas City Commission. Both official seals are prominently displayed at the center.

Generates Questions

The Truman Library, River Quay and Crown Center generate the most questions at the Harry S. Truman Greater Kansas City Area Travel Information Center on Interstate 70 at the Grain Valley exit.

Billed as a Kansas City showcase, the privately owned information center lists 72 free things to do in the Kansas City area, provides maps and brochures on attractions and makes hotel motel reservations for motorists.

Harold L. Adkins, operator of the information center, said the volume of motorists stopping at the center is down about 20 per cent from previous years, but that persons who are coming to Kansas City are staying longer. This year he estimates 125,000 persons will use the services at the center.

Adkins said requests are now 50 per cent for hotel-motel information and 50 per cent for campground locations. In 1971—the first year the center was in operation—about 3 in 10 persons inquired about camp facilities, he said.

A former outdoor advertising director for a Kansas City based advertising agency, Adkins agreed that Kansas City is drawing more regional traffic. He indicated a sharp decrease in motorists from the East Coast, but a relatively steady pattern of travel for persons from the West Coast.

He said he still meets many persons from California and Washington but few people from farther east than Ohio.

Need a Car

Adkins said the tourist coming to this area by necessity must have an automobile because of the distances between attractions and the lack of public transportation outside the city proper. He said the traveler is usually with his family and is interested in a variety of entertainment.

In telling the Kansas City story the tourism promoter said the area's assets also are its greatest liabilities. One of the area's most important assets, history, is free and that is a liability. Adkins believes that in such a situation everybody loses. This is because no one is behind promoting the historical attractions and therefore people are unaware of them and several learning experiences. Also because there is no promoter there are no dollars changing hands.

"Things that go unadvertised and unpromoted go unattended," Adkins said.—

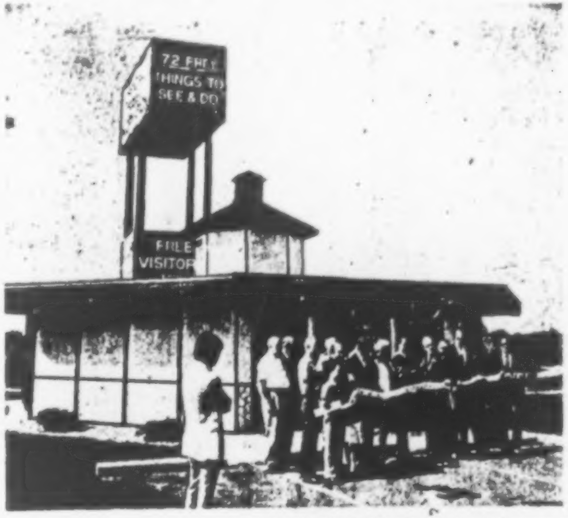
Dorothy Laskey

Getting the Job Done

In each field of endeavor there are certain individuals who stand out for their ability to get things done. Some hold the spotlight, while others work behind the scenes, always, it seems, putting the job first until it is done and done right. With this in mind members of The Star's staff were asked to present some of the persons in and around Kansas City who fit this leadership mold in various occupations. Their reports follow through Page 9D.

Center Beckons Tourists to Area

4 A THE KANSAS CITY STAR Thursday, June 15, 1972


72 FREE THINGS TO SEE & DO
FREE VISITOR

Tourist Stop

Mayor Charles B. Wheeler, Jr. (center), prepares to cut the ribbon at the newly opened Harry S. Truman Greater Kansas City Information Center on I-70 at the Grain Valley exit. The Missouri Tourism Commission hopes motorists will stop at the building before reaching Kansas City and be encouraged to spend part of their vacations in the Kansas City area.

By Harry Hill

[illegible]king on the theory that Kansas City is a crossroads of the U.S., a former advertising man is promoting metropolitan area tourism with a proved method and some new ideas.

With his information center east on I-70 at the Grain Valley exit in Jackson County, Harold L. Adkins is stopping tourists by the thousands each month. All his services, including lodging and restaurant reservations, points of interest information and directions for lost travelers, are free of charge. The center opened about a year ago.

In this first year of operation, Adkins said his facility will have been host to 125,000 persons. About 80 per cent of the travelers were from out of state and most were westbound on I-70.

"They come from everywhere. Last week it was Alabama and today we've had about 30 people come in from Ohio," he said last weekend.

After a brief summer thundershower Sunday afternoon, a Tucson, Ariz., man stopped to inquire about lodging for the night. Asked of his impressions of the facility, the traveler said the place was helpful, but not particularly out of the ordinary. He assumed the center was state-operated.

Many of the visitors assume the center is state-operated, Adkins said. The proprietor, however, said because his facility is privately operated it gives a higher degree of personal service.

"Everything we have is free, it's not a tourist trap," Adkins explained. "Tourists like this service. They eat it up."

The center is funded by selling advertising space in the 8-sided building to area businesses and municipal governments who have something to offer tourists. Both Kansas City and the state of Missouri occupy prominent, lighted displays in the center.

"It's my theory that we're the most traveled through city in the country," he said. "We have a tremendous tourist potential because they have to go through here to get somewhere. You just can't go through New Orleans or South Dakota on your way to someplace like you do Kansas City."

Before the dream of a tourist information center, Adkins decided the Kansas City area has much to offer travelers, though advertised little. The idea of promoting the area's points of interest came during his travels several years ago, Adkins said.

"I was out in South Dakota where I kept seeing all these signs advertising a drug store," he said. "And there's really nothing there but they sure pack in the tourists."

Coming back to the metropolitan area, Adkins said he was aware of significant historical sites that remain obscure.

"I'd come back here and see things like the Jesse James home and Fort Osage, real parts of American history," he said, "and nobody was stopping at these places."

About this time Adkins was working for a Kansas City advertising agency that was beginning work with the mayor's office on a campaign to promote the city.

Through his work at the ad agency, Adkins learned the area sites that appealed most to tourists. There was one place above all the others that persons wanted most to see.

"People want to see the Harry S. Truman Library and home," he said. "They ask about it more than anything else because you can't see it anywhere else in the world. There's no place you can get so close to the house where a former President is living. Lyndon Johnson's ranch home is five or six miles from the highway."

During [illegible] at the agency, Adkins help[illegible] sign roadside signs that promoted Kansas City area landmarks, athletic teams and other entertainment facilities. Prospects of federal billboard controls, however, led to the campaign's demise.

It was during this work, which Adkins said involved 17 years in outdoor advertising, that he became somewhat of an authority on tourism promotions in the Greater Kansas City area.

With the imminent death of highway signs and the need for increasing tourist activity in the area, Adkins recognized a complementary solution to the quandary and his tourist information center was advanced to an embryonic stage.

Slowed by construction strikes and a rejection of initial plans, the brightly decorated little building at the northeast corner of the Grain Valley exit finally opened July 15, 1971. It officially is called the Harry S. Truman Greater Kansas City Area Information Center.

Here, metropolitan area businesses, no longer using billboards, can set up displays to expose their products. And it also is here that travelers are told of things to see and do in the great Midwestern urban center to the west.

"Our number one job is to stop the tourist, get him off the highway, and interested in Kansas City," Adkins said. "And our number two job is to get him to spend money here."

A traveler stopping for information at 2 p.m., he explained, is not likely to stay long in the area. And if he passes through, nothing will be spent on food, lodging or amusement.

"So if we get somebody in here at 2 in the afternoon, we encourage him to go up to Fort Osage and come back by the Truman Library. By this time, it'll be dinner time and chances are he'll stay in the area."

Adkins said tourists are given an illustrated map to help them find places of interest.

THE KANSAS CITY STAR

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The Kansas City Star Company, Owner and Publisher.

MEMBER OF THE ASSOCIATED PRESS

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and KANSAS CITY Showplace of the

Getting Facts About Area

Visitors are introduced to the historic areas and entertainment facilities of Kansas City at a tourist information center on I-70 at the Grain Valley exit in Jackson County. Operated by Harold L. Adkins, it is expected to stop more than 125,000 travelers in its first year of operation. Adkins said he plans to build five more of the centers on highways leading to Kansas City if this one proves successful.

HARRY S TRUMAN
GREATER
KANSAS CITY
EA
CE

A ribbon laced with 25 $1 bills marking the grand opening of the Greater Kansas City Area Information center is cut by Dr. Charles Wheeler (center), mayor of Kansas City. Harold Adkins (left), president of Missouri Information centers, and his son, Kendall, hold the ribbon. The 25 dollars represent the average amount of money spent by each tourist going through Kansas City. The center is at I-70 and Buckner-Tarsney rd., Grain Valley.

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Selling City

Goal At Tourist Stop

INFORMATION CEN

THE EXAMINER, Saturday, July 17, 1971
Independence and Jackson County, Missouri

'GO WHERE THE TOURISTS ARE'. . . Harold Adkins stands in front of the tourist information center which he has named the Harry S Truman Greater Kansas City Information Center, and which he is opening next week off I-70 at the Buckner-Taraney Road, Grain Valley exit. Adkins says it will "generate tourist business for Independence" because most tourists come to the area by car and a roadside information center is the only way to stop them. (Examiner Staff Photo)

By SUE GENTRY
(Examiner Staff Writer)

A man who feels the tourism potential of the metropolitan area is being poorly developed is doing something about it!

Harold Adkins, whose training and business interest the past 20 years have been in advertising and promotion, has developed a plan for area tourist information centers in a ring of communities around the Greater Kansas City area.

And the very first is one to benefit the Independence community "because it has the greatest potential and the most need" and it is ready to open on I-70 at the Grain Valley exit.

Adkins calls the 40-foot octagon shaped building the "Harry S Truman Greater Kansas City Area Information Center" because "the Truman presidential library is the greatest tourist attraction in the area."

Why is the Independence information center located on the highway nearly 20 miles to the east?

"Because that's where the tourists are," Adkins points out. "With 93 per cent of all vacationing families arriving in our area by automobile, that's where our potential lies. Averaging almost four persons per car, over 7 million motorists pass through the metropolitan area, north, east, south and west."

The tourist information center is in a building Adkins designed himself. It is situated just off the interstate highway at the Buckner-Taraney intersection, in the same complex with a restaurant, service station and souvenir shop.

Adkins is busy this week putting finishing touches on the compactly designed building, which makes maximum use of every inch of a colorfully appointed interior. It is a year-round comfort-conditioned building.

The odd-shaped structure on the northeast corner of the intersection is distinguished by a cupola, also octagon shaped. Around this Adkins expects to place his "Tourist Information Center" signs to be seen from all of the highway approaches.

From a booth in the center of the building an attendant will be prepared to help tourists with information and there is a direct phone line for reservations to area hotels and motels and restaurants.

The Missouri Tourism Commission has set up a display there and other area civic bodies have expressed an interest in using space which Adkins is making available. The Truman Library, too, has already placed a display there.

Allen Lefko, president of the Independence Chamber of Commerce, and Max Ravell, vice president, visited the center this week and Lefko said, "I am tremendously impressed with Adkins' tourist information development."

"We want to help him all we can, and help ourselves, too, by providing brochures about Independence. In fact, we want to set up a display in an area he has designed for Independence."

Lefko recently called for more active promotion of tourism for Independence and said the Chamber tourist committee would be reactivated.

Adkins calls his new information center the "answer to Lefko's prayer."

I know we can generate all of the traffic that can be generated for Independence with all of our displays, information, maps and services," he said.

"What we get in this area is family traffic. And we have the kind of attractions that draw families — Fort Osage, Missouri Town, the Old Jail, the RLDS Auditorium and the new LDS Visitors Center, and foremost, the Truman Library.

"All of these things the Independence area has. All that is needed is proper promotion."

The information center which Adkins will open on I-70 next week is the realization of a long dream for the north Missouri farm boy, who dates his obsession for tourism and interesting people to his Army service following World War II and to his years of traveling for the advertising agency.

"I have worked three full years on the project, one that I visualized as long as five years ago," Adkins says. "It was delayed two successive years by construction strikes and finally realized this year."

The idea for information centers which Adkins expects to set up in other areas — near Liberty and Lexington and in Kansas to promote the Agriculture Hall of Fame — came from his travels. He has visited practically every information center in the United States.

"Our job will be to stop the traffic on the highway, get them committed to visit our area tourist attractions and stay overnight in our hotels and motels, eat in our restaurants and use some of the many services business people in the area have to offer," Adkins says.

The information center will make ticket reservations for the Starlight, Sports Complex events, and other area festivities available, Adkins said.

"Tourism returns $1,000 for every dollar invested," he reminds.

Adkins said the information centers will be operated in cooperation with and as an extension of tourist services offered by the Missouri Tourism Commission, the Kansas City Tourist Council, and other area organizations interested in tourist promotion.

The project has the approval of the Bureau of Public Roads, the American Association of Highway Officials, and is permitted under the Highway Beautification Act. Official interstate signs will be erected by the Missouri Highway Department to alert the traveling public of these services and where to exit.

Adkins is working with area business people "who want and need to advertise their products and services to the traveling public" to support his information center.

But the first thing that has to be done, Adkins reemphasizes, is "to stop the tourists."

"The tourist is the taxpayers' friend," he says. "Every tourist who comes to a community helps ease the local tax burden as well as provide more jobs and better pay. All of this can be done without any tax increases. Each community just develops what it already has.

"But it will not happen by itself. A community has to want tourist business and work for it."

He emphasizes that tourists interested in stopping have time and money to spend and that they should be convinced they should spend it here.

"Just 100 families a day through the summer vacation, weekends and holidays will boost the economy of the Greater Kansas City area over $1 million annually," Adkins declares.

Adkins' information center will include a small theater for the children, entertainment while their parents browse about, seeing the educational displays and studying the tourist attraction opportunities. And there is a small adult theater, too, for sponsored films and backlighted advertising.

In the future, he envisions an outside play area for the children with closed circuit TV so parents can keep an eye on them.

**TOURIST DOLLAR$
BOOST LOCAL
ECONOMIC
VITALITY.**

Invest $1.00. Return $1,200 to the Community.

Stickers, Buttons, Elevators To Snare Tourists for City

By Jean Haley
A Member of The Star's Staff

If motorists barreling down the highway could be motivated to stop, Kansas City would have access to more tourists than many major U.S. cities, the Mayor's Corps of Progress was told yesterday.

Harold Adkins, founder and president of the Greater Kansas City Area Information Center, said the 2-year-old facility will serve 200,000 travelers again this year. He proposed that a "Guest of the Mayor" program be sponsored by the Mayor's Corps to encourage tourists to visit Kansas City.

"We get more people through here accidentally than most cities do intentionally," Adkins said.

"Seven million people pass through here annually on their way to more distant, more expensive, less interesting destinations," he said. "Our attractions go unknown to the tourist, unattended and unprofitable to our community."

The Guest of the Mayor program would include displays of area attractions at the center at the Grain Valley exit on I-70; distribution of free "hearts on a string" pins, "guest of the mayor" bumper stickers and a ticket for a free ride to the top of Liberty Memorial, Adkins said.

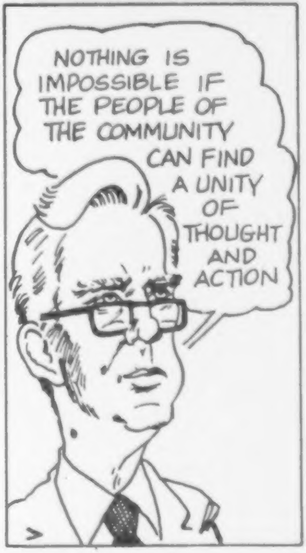
These efforts would supplement the Center's distribution of maps of 72 free things to do in the Kansas City area, Adkins explained.

The bumper stickers would promote Kansas City when visitors return home, and the Liberty Memorial ascent will get them into the heart of the city and provide a view of some of the most interesting developments here, he said.

Adkins noted that the center operates on a budget of from $13,000 to $20,000 a year as a private enterprise. Backing from business or civic groups, such as the Mayor's Corps of Progress, he said, could extend the program so that new dollars, an estimated $60 per day per visitor, could be pumped into the economy here.

"Greensburg, Kan., with a population under 2,000, attracts 100,000 visitors a year and gets them to spend a dollar each just to look down into a hand-dug well," he said. "If they can do it with one thing, look what we could do with all of ours."

Mid-Town Mayor


NOTHING IS IMPOSSIBLE IF THE PEOPLE OF THE COMMUNITY CAN FIND A UNITY OF THOUGHT AND ACTION

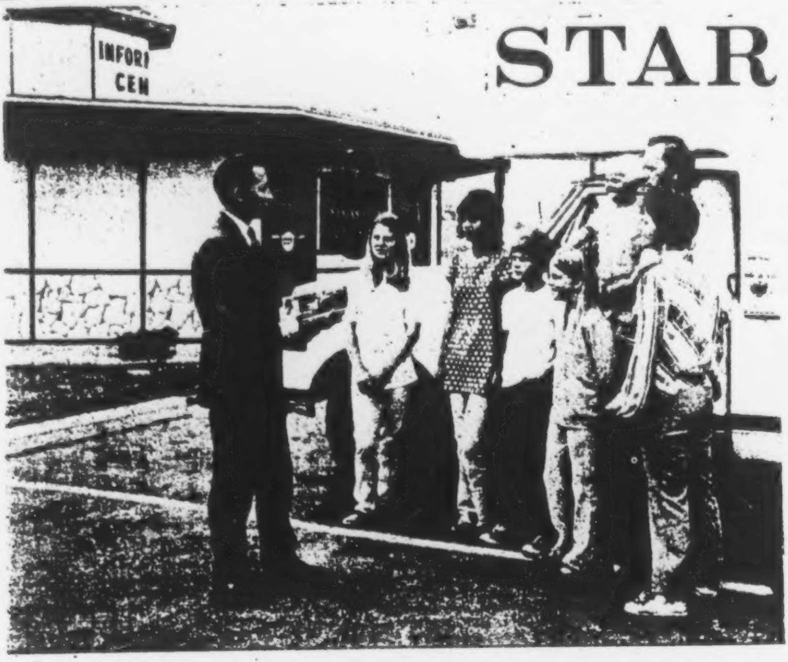
TALK UP

Kansas City

IF YOU ARE NOT HELPING KANSAS CITY
SOLVE ITS PROBLEMS
THEN YOU JUST MIGHT BE THE PROBLEM!

HOMETOWNS ARE WHAT PEOPLE MAKE THEM.

THE
KANSAS CITY
STAR



SEPTEMBER 7, 1971

Tips for Travelers

A tourist information center has been set up on I-70 at Grain Valley to induce travelers to stop in Kansas City. Harold L. Adkins, who is in charge, is at the left with the Daniel Auton family of Hawthorne, Calif., returning from a trip to Niagara Falls. The travelers, left to right, Debbie Auton, 14 years old; Carol Auton, 10; Daniel J. Auton holding Daniel M. Auton, three years old, and Mrs. Auton.

Tourist Center on I-70

Tourists entering Kansas City on Interstate 70 at Grain Valley are greeted by a Hospitality and Information Center which provides information on the Kansas City area and attempts to induce tourists to stop here.

The 40-foot octagonal building has been constructed with private capital and is being maintained at no cost to the taxpayers. Paid commercial advertising displays by area businessmen support the project. Each panel of the octagon represents one of the the eight states bordering Missouri.

Harold Adkins, of the Missouri Information Center, said it has full-time attendants and direct telephone lines into Kansas City for lodging information and reservations. It also has brochures and general information about the Greater Kansas City area including major points of interest, attractions and restaurants. There are games, movies and educational exhibits at the center.

Adkins estimated that about 7 million motorists pass through Kansas City annually and that 93 per cent of vacationing families arrive by car. He believes the center should bring several million dollars to the city by inducing tourists to stop in what he refers "The Friendly Heart of America."

THE UNITED STATES OF AMERICA
DOLLARS

OUR FIRST NEW DOLLAR

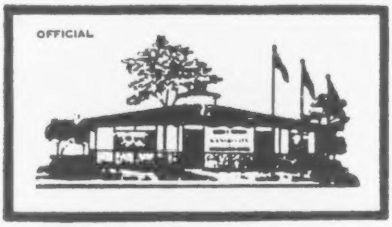
SPENT IN THIS STATE AND THIS COMMUNITY BY ONE OF THE MORE THAN 100,000 TOURISTS STOPPED BY THE HARRY S. TRUMAN GREATER KANSAS CITY AREA INFORMATION CENTER ITS FIRST TOURIST SEASON.

THIS IS A NEW DOLLAR FOR THE AREA. SPENT HERE BUT EARNED ELSEWHERE. IT WILL BE SPENT AND RESPENT MANY TIMES OVER FOR THE NECESSITIES OF LIFE. IT WILL PROVIDE MORE AND BETTER JOBS, HELP SEND OUR CHILDREN TO SCHOOL AND EASE THE TAX LOAD FOR ALL OUR CITIZENS.

THERE ARE MANY MORE NEW DOLLARS WHERE THIS ONE CAME FROM. SEVERAL MILLION TOURISTS PASS THROUGH OUR AREA EACH YEAR ON THEIR WAY TO MORE EXPENSIVE AND LESS INTERESTING DESTINATIONS. THEY HAVE TIME AND MONEY TO SPEND. WITH YOUR HELP WE WILL CONTINUE TO STOP THESE TOURISTS AND ENCOURAGE THEM TO SPEND IT HERE.

A RECENT SURVEY MADE BY THE MISSOURI TOURISM COMMISSION SHOWS THAT THIS DOLLAR INVESTED IN TOURISM WILL RETURN $1,228.00 TO OUR COMMUNITY. TOURISM CAN BOOST THE VITALITY OF THE AREA ECONOMY MUCH EASIER, QUICKER AND WITH MORE RETURN ON INVESTMENT THAN ANY OTHER KNOWN WAY.

PUT YOUR DOLLARS WHERE THEY WILL DO THE MOST GOOD. TOURISM!



GREATER KANSAS CITY AREA INFORMATION CENTERS

I-70 (Exit) Grain Valley, Mo. 64029
Area Code 816-229-1131

Statements by Harold L. Adkins, Executive Director
Agricultural Hall of Fame and National Center

Before 100th Congress
United States House of Representatives
Committee on Small Business
Lexington, Missouri; March 11, 1988

Honorable Ike Skelton, Chairman:

Good morning ladies and gentlemen. It is with great pleasure I appear before you this morning, in this historic city, and this great state of Missouri; my home state, the state I have lived in all of my sixty-four years and the state I always intend to live in.

It is also a pleasure to return a favor to one of Missouri's most honored and respected Congressmen, Congressman Ike Skelton. We like Ike here in this section of Missouri and over in Kansas where I currently serve as the Executive Director of the Agricultural Hall of Fame and National Center, 18 miles west of downtown Kansas City.

Ike is also on our National Board of Governors as he has been several years and has always responded to our calls for help. Once again, today I am pleased to return the favor of appearing before you at the request of Congressman Skelton. I welcome all the rest of you to Missouri.

Tourism has been both my hobby, and occupation for most of my adult life. I started out working for a large Kansas City advertising agency in the early fifties and grew with them. We started out with the Missouri Tourism account about that time and developed many of the concepts, slogans and techniques that made our state one of the models of the industry. Later on we developed the Kansas City Visitors Bureauwhich now operates as the Convention and Visitors Bureau of our city.

If there is anything I know at all, it's the importance of tourism. There is absolutely no industry in the world today that you can invest so little and get such a large return in such a short time. Basically, you take what you have and stir in a little imagination and you have a tourist industry. Most any area can do it. The more you have to start with however, the quicker and easier the job is.

Before we go further, I think I should say I'm here to givethis committee the benefit of any expertise I may have acquired, that may be helpful to you. Therefore, I would like to use most of my alloted time to try and answer the questions you want answered, which I'll try to do at the end of this presentation. Before that however, I will continue with my prepared comments based on the information requested by Congressman Skelton.

The Subcommittee's areas of concern include but are not limited to the following:

Number 1. The economic importance of tourism to your business and community.

To put it in the very basics of rural terms, every tourist is equal to an acre of corn and a heck of a lot easier harvested (or picked if you will!). In other words, for every adult tourist you can entice to spend the day in your area, that area will enjoy more profit than from an average acre of corn, even in a good year, and as you know there are sometimes barely three good years out of five down on the farm.

The next time you see an out of state car traveling the highways of your state with a vacationing family in it remember it is just like seeing a truck load of farm products going to market. The economic impact is there and far too few rural communities do not realize it.

Number 2. Your current and proposed marketing (domestic and international) efforts to enhance yourbusiness or community.

The Agricultural Hall of Fame and National Center fully realizes the importance of visitors/tourists to its survival and spends at least half its budget in developing new displays to attract these visitors and in advertising to make them aware of its existence, where it is and how to get there, and enticing them to stop. Every year almost half a million of our brochures are requested by phone or mail or picked up in over 600 locations on major highways in the midwest.

The results, over 65,000 visitors a year (up from 19,000 a year ten years ago) from every state in the Union and 17 to 23 foreign countries, proving that advertising and promotion pay off. While the Hall of Fame does not itself promote internationally, area agribusiness, associations, and organizations, especially the Agriculture Department of the State of Kansas, and land grant college, K-State of Manhattan, do for us; and we have hosted hundreds of tours such as Avocado Growers from Mexico (3 times now), Soybean Growers from Brazil, Sheepmen from Austrailia, etc.

Number 3. Programs (private, local, state or federal government, i.e. United States Travel and Tourism Administration or U.S. and Foreign Commercial Service) in which you have participated to promote tourism or rural economic development.

The Hall of Fame works with all the city, county regional and state tourist developmental and service agencies it has access to, but we have not had the opportunity to work with any such organizations on a national level. In the last few years we have often mentioned a possible trip to USDA in Washington, D.C. to see if there would be some way they could help generate tours to the breadbasket of the world (the midwest) and the Hall of Fame, but that as yet has not materialized.

We do, however, promote and solicit quite heavily the several hundred bus tour companies in the nation and pick up several additional tours that way. A bus load of forty people has the potential yield to a community fo profits equal to forty acres of corn.

Number 4. The adequacy of local, state and federal governments' cooperative efforts in promoting tourism or assisting in economic development.

To this date we have never received any real help from any of the smaller travel developmental or service agencies. In general, they lean on us to get the tourist here, and then through signs and brochures they make their own appeal. Only the larger cities have the financial base to launch any large scale effort. What any area needs is more visitors drawn to that area by whatever means is necessary. Far too many work on the visitors who are already in the area and often there aren't enough visitors or visitor money to go around. Attracting additional visitors to a community is the real name of the game.

Concerning the recently introduced bill (H.R. 2357), The Agricultural Hall of Fame and National Center, its Executive Board and staff would support the recently introduced bill (H.R. 2357) calling for the establishment of a non-profit, federally chartered, "Tour USA Promotion Corporation" and strongly urge that tours to rural America become oneof its main priorities.

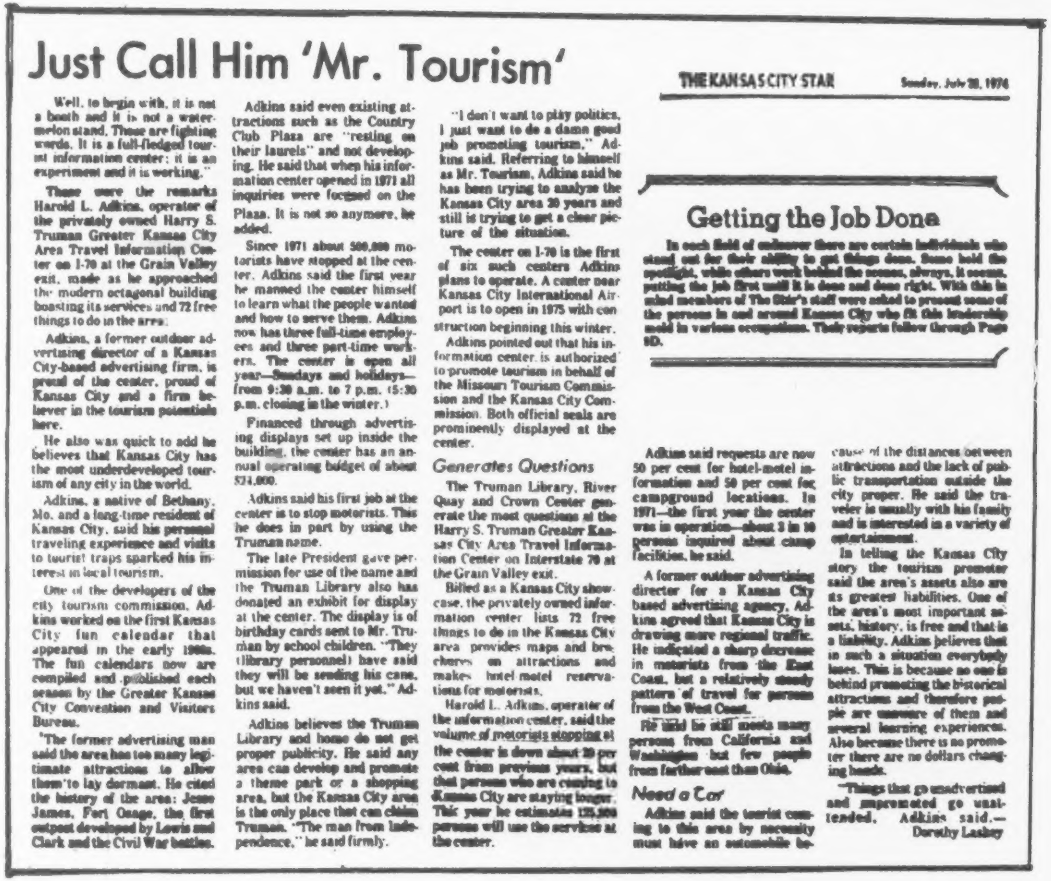
Like I just mentioned, I could talk all day about tourism but you probably wouldn't hear what you want to hear so let's try and answer some of your more specific questions at this time.

Question and answer session.

Closing Statement. I think the most important thing to remember about developing tourism, is about the same with farming or any other business. You have to work to make it work and to get a return you have to make an investment in time and/or money. It doesn't come easy, but financial rewards can make it worth while. Now, I would like to personally invite each of you to the National Center, to see how we too took almost nothing and with a great deal of effort we have made one of America's major tourist attractions right out in the middle of a farmer's field.

Drop by anytime after we open to the public on April 1st for our 28th season for my famous .25¢ cook tour. We don't charge you .25¢, we pay you .25¢ if you are able to answer one of our pop questions when the tour is over.

Again, its a pleasure to return a favor to an old friend, welcome all of you to Missouri, and be a part of what could be of a great help toward bringing strength and vitality back to rural America. If I may be of help it would be my pleasure.



THE KANSAS CITY STAR Sunday, July 28, 1974

Getting the Job Done

In each field of endeavor there are certain individuals who stand out for their ability to get things done. Some hold the spotlight, while others work behind the scenes, always, it seems, putting the job first until it is done and done right. With this in mind members of The Star's staff were asked to present some of the persons in and around Kansas City who fit this leadership mold in various occupations. Their reports follow through Page 9D.

Just Call Him 'Mr. Tourism'

Well, to begin with, it is not a booth and it is not a watermelon stand. Those are fighting words. It is a full-fledged tourist information center; it is an experiment and it is working."

These were the remarks Harold L. Adkins, operator of the privately owned Harry S. Truman Greater Kansas City Area Travel Information Center on I-70 at the Grain Valley exit, made as he approached the modern octagonal building boasting its services and 72 free things to do in the area.

Adkins, a former outdoor advertising director of a Kansas City-based advertising firm, is proud of the center, proud of Kansas City and a firm believer in the tourism potentials here.

He also was quick to add he believes that Kansas City has the most underdeveloped tourism of any city in the world.

Adkins, a native of Bethany, Mo. and a long-time resident of Kansas City, said his personal traveling experience and visits to tourist traps sparked his interest in local tourism.

One of the developers of the city tourism commission, Adkins worked on the first Kansas City fun calendar that appeared in the early 1960s. The fun calendars now are compiled and published each season by the Greater Kansas City Convention and Visitors Bureau.

"The former advertising man said the area has too many legitimate attractions to allow them to lay dormant. He cited the history of the area: Jesse James, Fort Osage, the first outpost developed by Lewis and Clark and the Civil War battles.

Adkins said even existing attractions such as the Country Club Plaza are "resting on their laurels" and not developing. He said that when his information center opened in 1971 all inquiries were focused on the Plaza. It is not so anymore, he added.

Since 1971 about 500,000 motorists have stopped at the center. Adkins said the first year he manned the center himself to learn what the people wanted and how to serve them. Adkins now has three full-time employees and three part-time workers. The center is open all year—Sundays and holidays—from 9:30 a.m. to 7 p.m. (5:30 p.m. closing in the winter.)

Financed through advertising displays set up inside the building, the center has an annual operating budget of about $24,000.

Adkins said his first job at the center is to stop motorists. This he does in part by using the Truman name.

The late President gave permission for use of the name and the Truman Library also has donated an exhibit for display at the center. The display is of birthday cards sent to Mr. Truman by school children. "They (library personnel) have said they will be sending his cane, but we haven't seen it yet." Adkins said.

Adkins believes the Truman Library and home do not get proper publicity. He said any area can develop and promote a theme park or a shopping area, but the Kansas City area is the only place that can claim Truman. "The man from Independence," he said firmly.

"I don't want to play politics, I just want to do a damn good job promoting tourism," Adkins said. Referring to himself as Mr. Tourism, Adkins said he has been trying to analyze the Kansas City area 20 years and still is trying to get a clear picture of the situation.

The center on I-70 is the first of six such centers Adkins plans to operate. A center near Kansas City International Airport is to open in 1975 with construction beginning this winter.

Adkins pointed out that his information center is authorized to promote tourism in behalf of the Missouri Tourism Commission and the Kansas City Commission. Both official seals are prominently displayed at the center.

Generates Questions

The Truman Library, River Quay and Crown Center generate the most questions at the Harry S. Truman Greater Kansas City Area Travel Information Center on Interstate 70 at the Grain Valley exit.

Billed as a Kansas City showcase, the privately owned information center lists 72 free things to do in the Kansas City area provides maps and brochures on attractions and makes hotel-motel reservations for motorists.

Harold L. Adkins, operater of the information center, said the volume of motorists stopping at the center is down about 20 per cent from previous years, but that persons who are coming to Kansas City are staying longer. This year he estimates 125,000 persons will use the services at the center.

Adkins said requests are now 50 per cent for hotel-motel information and 50 per cent for campground locations. In 1971—the first year the center was in operation—about 3 in 10 persons inquired about camp facilities, he said.

A former outdoor advertising director for a Kansas City based advertising agency, Adkins agreed that Kansas City is drawing more regional traffic. He indicated a sharp decrease in motorists from the East Coast, but a relatively steady pattern of travel for persons from the West Coast.

He said he still meets many persons from California and Washington but few people from farther east than Ohio.

Need a Car

Adkins said the tourist coming to this area by necessity must have an automobile because of the distances between attractions and the lack of public transportation outside the city proper. He said the traveler is usually with his family and is interested in a variety of entertainment.

In telling the Kansas City story the tourism promoter said the area's assets also are its greatest liabilities. One of the area's most important assets, history, is free and that is a liability. Adkins believes that in such a situation everybody loses. This is because no one is behind promoting the historical attractions and therefore people are unaware of them and several learning experiences. Also because there is no promoter there are no dollars changing hands.

"Things that go unadvertised and unpromoted go unattended. Adkins said.—
Dorothy Lackey

The Kansas City Magazine
May 1972 Vol. 62 Number 20
published by
Chamber of Commerce of Greater Kansas City 920 Main St. 221-2424

Kansas City Tells Its Story

FOR YOUR INFORMATION

You might not believe this, but there's a guy out on I-70 who is trying to stop several million tourists a year and talk them into spending some time in Kansas City. Why? He believes tourism is an untapped source of money that could "boost the economic vitality of Kansas City."

Harold Adkins is the man with the dream of telling the Kansas City Story to the tourists and he has set out to do it with great determination. His Greater Kansas City Information Center, 25 miles east of downtown, at the Grain Valley, Mo., exit of I-70, has been open since July 1970 and the grand opening of the Harry S Truman Unit will be May 8.

State research estimates have shown that some seven million people pass through Kansas City in cars each year and as Adkins says, he is "the only guy out there trying to stop these people." Kansas City isn't usually thought of as a destination point for vacationers, but Adkins believes some effort should be made to make Kansas City a stopover point and he tells tourists about 72 things to do and see for free. He tells his story from a modern, comfortable octagonal building that contains everything you might want to know about Kansas City. The only thing he's selling is Kansas City. He offers the tourist a service by providing maps, and he adds a personal touch by telling people how not to get lost. He will find motel or hotel accommodations for those not familiar with Kansas City and will guide people to restaurants. He does all this with the idea of making the visit compatible with the tourists' pocketbooks.

In the information center parents can browse around the various displays that include historical landmarks, sports attractions and recreation areas, while children are entertained in a mini theater with a Charlie Brown movie. A second mini theater has a film of things to see in Kansas City. Because of his location, one of the first places Adkins points out is the Harry S Truman Library.

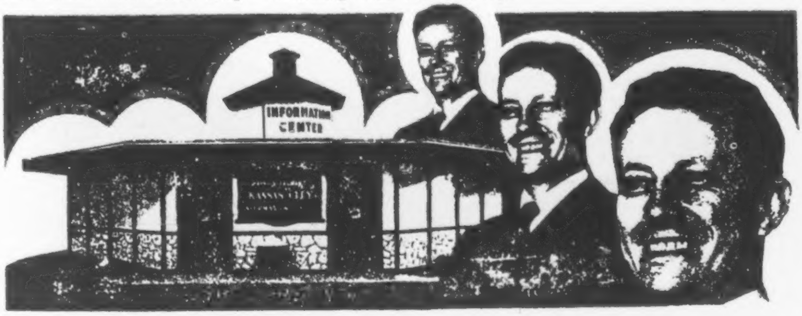
Attracting tourists to Kansas City obviously leads to new money for the city and this is what Adkins means by tapping (not trapping) the tourist trade. Adkins believes the information center is particularly important and useful as an alternate to billboard advertising. Under the federal Highway Beautification Act billboard advertising is forbidden on the interstates. Support for the center comes from commercial advertising by area businesses which will profit by tourists' interest in their products and services.

Six more information centers are planned, each to be strategically located around the city. This allows for convincing people to spend a little time here before they get to the center of the city and decide to [illegible] on through, east or west, north or south.

People who do not know what Kansas City has to offer may think, "I can make St. Louis by evening, I won't stop here." Adkins wants them to stop here and he asks people to tell their friends back home about Kansas City.

It's a great idea for the tourists and for advertisers who profit from tourist trade. As Adkins says, there's no long wait on the investment, no undesirable side effects, no industrial pollution and no new construction. Just new money for Kansas City and an easy way to let people know about the city.

Cynthia Hardie



■ ONLY IN...
BONNER SPRINGS, KANSAS

The Agricultural Hall of Fame champions farming's future by preserving its past.

By Raymond Klempin

Soft-spoken Harold Adkins doesn't sound like a carnival barker, but his message is clear: Step right up, folks, and see a rare and almost extinct creature—the family farm. Adkins is director of the Agricultural Hall of Fame and Museum of Farming, located, appropriately, in the heart of the nation—20 miles west of Kansas City in Bonner Springs, Kansas, off Interstate 70. Chartered by Congress in 1960, Ag Hall is America's only national hall of fame honoring farmers.

Visitors can browse through and occasionally touch more than 5,500 artifacts of rural America housed on 172 acres of rolling farmland. Come one, come all, Adkins might say (quietly), because there's something for everyone, from antique toys and dolls to farm machinery that's horse-powered, steam-powered, oil-powered, human-powered and electric-powered. There's art and sculpture and a 9,000-volume library for researching farm life. And from June through August, visitors can take a half-mile train ride around Farm Town, U.S.A.

The biggest event of the past year occurred September 1, 1986, when the National Farmers Monument was dedicated. The dome-shaped structure contains three steel-and-bronze, high-relief sculptures depicting the farmer of the past, present and future. Each of the three panels, sculpted by Lewis Watkins, is 11 feet by 11 feet. The monument, like the Ag Hall itself, was built mostly with donated funds and materials.

One of the biggest events planned this year is the dedication of a turn-of-the-century train depot on July 4, now being restored on the grounds. Further down the line, no later than 1992, Adkins wants to add a National Gallery of Rural Art. He wants to preserve a family way of life before it "disappears forever from the American scene."

When Adkins arrived at Ag Hall 10 years ago, the hall was like many of today's farmers—about to go bankrupt. Thirteen years after the first building was completed, the hall of fame was famous in name only. "It was embarrassing," says Adkins. "We had only five inductees in dime-store frames. People would drive here and expect to see a hall of fame, and we didn't have one."

After a slow start, Adkins changed the picture considerably. He inducted 12 nominees in a single year, and he presently has more than 100 nominees on file. A total of 22 men and women have been honored to date, and 3 more will be added in October. John Deere will be inducted to coincide with the 150th anniversary of John Deere Co., the well-known farm equipment manufacturer. Louise Stanley is honored for her work in home economics, and Sterling Morton for his effort in founding Arbor Day.

None of the portraits will hang in dime-store frames. In their place are sculpted frames hung on a walnut background, and a backlighted panel lists each honoree's achievements.

The new members will keep company with men of the soil like Iowa farmer Roswell Garst, men of science

—*continued on page 110*

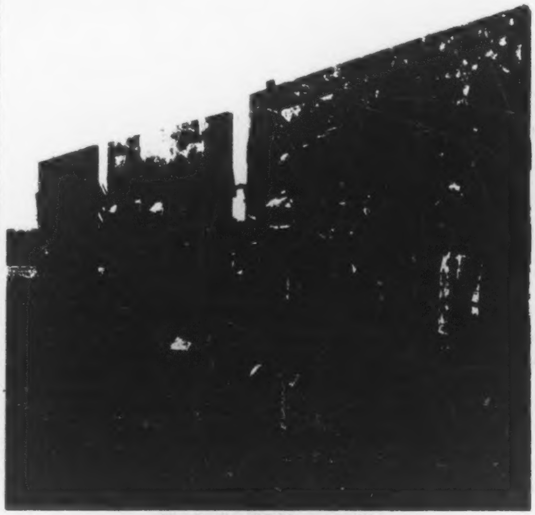
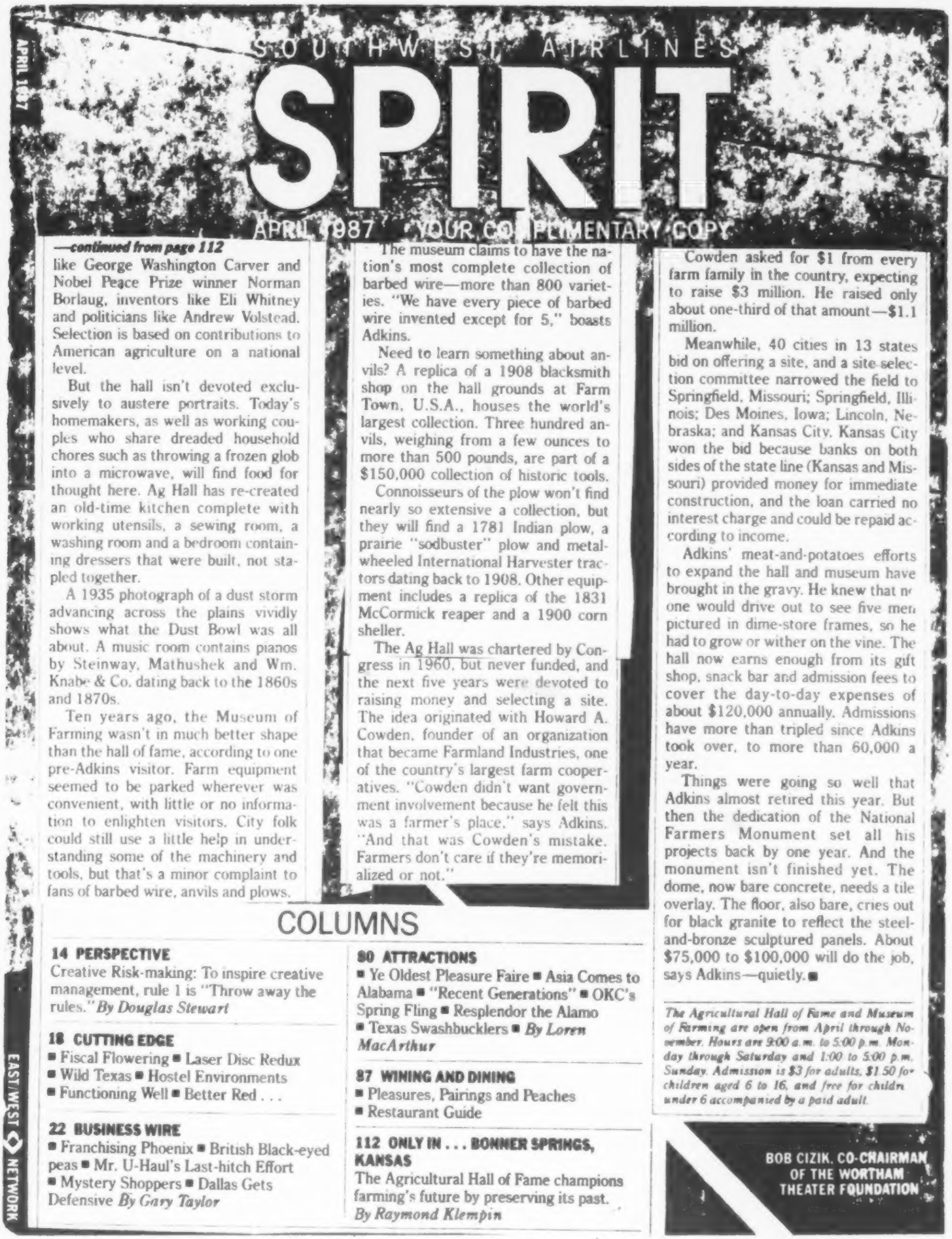


PHOTO: GEM. COMPANY/JIM COOK

Director Harold Adkins poses with three reliefs that are part of the National Farmers Monument, located at the Agricultural Hall of Fame near Kansas City.



APRIL 1987

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—*continued from page 112*

like George Washington Carver and Nobel Peace Prize winner Norman Borlaug, inventors like Eli Whitney and politicians like Andrew Volstead. Selection is based on contributions to American agriculture on a national level.

But the hall isn't devoted exclusively to austere portraits. Today's homemakers, as well as working couples who share dreaded household chores such as throwing a frozen glob into a microwave, will find food for thought here. Ag Hall has re-created an old-time kitchen complete with working utensils, a sewing room, a washing room and a bedroom containing dressers that were built, not stapled together.

A 1935 photograph of a dust storm advancing across the plains vividly shows what the Dust Bowl was all about. A music room contains pianos by Steinway, Mathushek and Wm. Knabe & Co. dating back to the 1860s and 1870s.

Ten years ago, the Museum of Farming wasn't in much better shape than the hall of fame, according to one pre-Adkins visitor. Farm equipment seemed to be parked wherever was convenient, with little or no information to enlighten visitors. City folk could still use a little help in understanding some of the machinery and tools, but that's a minor complaint to fans of barbed wire, anvils and plows.

The museum claims to have the nation's most complete collection of barbed wire—more than 800 varieties. "We have every piece of barbed wire invented except for 5," boasts Adkins.

Need to learn something about anvils? A replica of a 1908 blacksmith shop on the hall grounds at Farm Town, U.S.A., houses the world's largest collection. Three hundred anvils, weighing from a few ounces to more than 500 pounds, are part of a $150,000 collection of historic tools.

Connoisseurs of the plow won't find nearly so extensive a collection, but they will find a 1781 Indian plow, a prairie "sodbuster" plow and metal-wheeled International Harvester tractors dating back to 1908. Other equipment includes a replica of the 1831 McCormick reaper and a 1900 corn sheller.

The Ag Hall was chartered by Congress in 1960, but never funded, and the next five years were devoted to raising money and selecting a site. The idea originated with Howard A. Cowden, founder of an organization that became Farmland Industries, one of the country's largest farm cooperatives. "Cowden didn't want government involvement because he felt this was a farmer's place," says Adkins. "And that was Cowden's mistake. Farmers don't care if they're memorialized or not."

Cowden asked for $1 from every farm family in the country, expecting to raise $3 million. He raised only about one-third of that amount—$1.1 million.

Meanwhile, 40 cities in 13 states bid on offering a site, and a site-selection committee narrowed the field to Springfield, Missouri; Springfield, Illinois; Des Moines, Iowa; Lincoln, Nebraska; and Kansas City. Kansas City won the bid because banks on both sides of the state line (Kansas and Missouri) provided money for immediate construction, and the loan carried no interest charge and could be repaid according to income.

Adkins' meat-and-potatoes efforts to expand the hall and museum have brought in the gravy. He knew that no one would drive out to see five men pictured in dime-store frames, so he had to grow or wither on the vine. The hall now earns enough from its gift shop, snack bar and admission fees to cover the day-to-day expenses of about $120,000 annually. Admissions have more than tripled since Adkins took over, to more than 60,000 a year.

Things were going so well that Adkins almost retired this year. But then the dedication of the National Farmers Monument set all his projects back by one year. And the monument isn't finished yet. The dome, now bare concrete, needs a tile overlay. The floor, also bare, cries out for black granite to reflect the steel-and-bronze sculptured panels. About $75,000 to $100,000 will do the job, says Adkins—quietly. ■

The Agricultural Hall of Fame and Museum of Farming are open from April through November. Hours are 9:00 a.m. to 5:00 p.m. Monday through Saturday and 1:00 to 5:00 p.m. Sunday. Admission is $3 for adults, $1.50 for children aged 6 to 16, and free for children under 6 accompanied by a paid adult.

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112 ONLY IN . . . BONNER SPRINGS, KANSAS
The Agricultural Hall of Fame champions farming's future by preserving its past. *By Raymond Klempin*

BOB CIZIK, CO-CHAIRMAN OF THE WORTHAM THEATER FOUNDATION

EAST/WEST ◇ NETWORK

Page 8A The Kansas City Star, Tuesday, September 24, 1985 ★

Foundation to honor 'dirt farmers'

Sculpture planned for Agricultural Hall of Fame

By Ann Toner

The Star's agribusiness editor

A Florida arts foundation plans to place a bronze relief sculpture at the Agricultural Hall of Fame in Bonner Springs as a salute to American farmers.

The $500,000 project by the American Ideals Foundation of Brooksville, Fla., also will include the premiere of a 20-minute orchestral and choral suite honoring American farmers, which will be performed at the formal unveiling of the sculpture and surrounding pavilion.

The tentative date for the ceremony is June 14, 1986, according to Harold Adkins, director of the Agricultural Hall of Fame.

The bronze relief, 10 feet high and 30 feet long, will be placed inside the circle drive in front of the entrance to the Hall of Fame and will be surrounded by state flags.

Unlike the Hall of Fame, which honors inventors and leaders who helped shape American agriculture, the memorial sculpture will honor "dirt farmers—the people who do all the work," Mr. Adkins said.

The sponsoring organization, American Ideals Foundation, was founded in Florida in 1982 and has confined most of its activities to the South, said sculptor Lewis Watkins and composer Robert Moffa, who are among the founding members.

They describe the foundation as a non-profit organization dedicated to providing art, music and cultural events in public places.

Mr. Watkins said he has sculpted most of the works that the American Ideals Foundation has placed in public places. Mr. Moffa has composed several works that have been played at the unveiling of Mr. Watkins' works.

Mr. Watkins said the three panels will show a pioneer farm family, modern-day farmers engaged in conversation and a farmer of the future.

Mr. Moffa said his musical composition has a stirring opening, a hoe-down flavor depicting the past, hints of "Old MacDonald's Farm" and "Battle Hymn of the Republic," a choral prayer, a brighter section about the future and a heavy climax.

Although the full work will be performed for the first time at the sculpture dedication, Mr. Moffa said the Future Farmers of America has expressed interest in having its national chorus perform the choral part with piano accompaniment during the national FFA convention Nov. 13-16 in Kansas City.

An effort will be made to use the faces of real farmers, farm wives and 4-H and FFA members as models for figures in the sculpture, Mr. Adkins said.

A model of a bronze relief sculpture planned for the Agricultural Hall of Fame in Bonner Springs is displayed by sculptor Lewis Watkins (right) and composer Robert Moffa. The sculpture, which will honor American farmers, is scheduled to be dedicated next June. ***(staff photo by Patrick Sullivan)***

Memorial to farmers slated at Ag Hall

Kansan Photo by J. Bradley Burgess

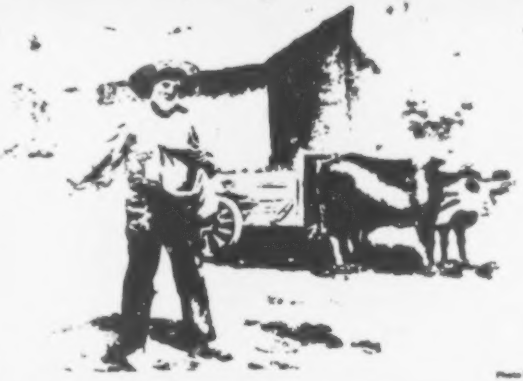


Photo by Ag Hall

Hal Adkins, (above, at left) director of the Agricultural Hall of Fame, announces the construction of a national farmer's memorial to be dedicated on the Ag Hall grounds next summer. Listening are Lewis Watkins (left), an artist who is preparing the bronze sculpture for the memorial, and Robert Moffa, who is composing an orchestral suite in honor of the farmer. An artist's rendition (right) representing agriculture's past, will be one of three scenes to be included in memorial.

By MIKE BELT
Kansan Staff Writer

A large, half-million dollar bronze memorial to the American farmer will be built during the coming months and dedicated on the grounds of the Agricultural Hall of Fame and National Center on Flag Day, June 14, 1986.

The announcement of the memorial plans was made Wednesday by Ag Hall Director Harold Adkins, who described it as one of the most important events to happen to the Ag Hall in its 25-year history. The memorial will be built in conjunction with the American Ideals Foundation, Brookville, Fla., and has been endorsed by the U.S. Department of Agriculture, secretaries of agriculture in all states, governors, Future Farmers of America and 4-H youth organizations.

Appearing with Adkins in making the announcement before about 30 Ag Hall and other local officials were Lewis Watkins, an AIF artist who has prepared the initial, miniature sculpture of the memorial, and AIF composer Robert A. Moffa, who is writing an orchestral suite in honor of the farmer. The suite will be performed the day of the dedication by an orchestra still to be selected.

The AIF is a non-profit corporation and has been recognized by major individuals throughout the U.S. for its contributions to art and to music in public places.

The memorial will be placed in a new building to be constructed on the front entrance grounds of the Ag Hall. Ag Hall officials and other dignitaries held a ground-breaking ceremony following the announcement.

The memorial will be comprised of a sculpture containing three separate scenes representing the past, present and future of agriculture. The bronze sculpure will be 10 feet high and 30 feet long. Miniature replicas displayed at the announcement weighed 25 pounds each.

The scene for the past is represented with a farmer throwing seeds from a sack, with a barn and cattle in the background. The "present" scene contains three persons in it, apparently representing a farm family. The future of agriculture is represented by a tractor working over a field.

Adkins said the placement of the memorial is a tribute to the Ag Hall, and noted that other organizations – such as Disney World – tried to obtain the rights to the memorial. The director, Watkins and Moffa earlier in the summer traveled to Washington to visit with Sen. Bob Dole (R-Kan.) and U.S. Agriclulture Secretary John Block and successfully obtained their support for the memorial.

"He (Block) received it very well and was very responsive to us," Adkins said. "We're hoping he can be here (for the dedication). He made about as much of a commitment as he could. He wants to be here.

". . . The American farmer is the best in the world and . . . such a memorial is long past due."
Hal Adkins,
Ag Hall director

"Hopefully," he continued, "this memorial can for once in history bring together all of the diverse groups of agriculture on the one thing they can all agree on, and that is the American farmer is the best in the world and that such a memorial is long past due."

Watkins, who gained recognition in the late 1970s for a large sculpture depicting Central Florida's history, said the cost of building the memorial will be paid for from contributions from businesses, organizations and individuals who have an interest in the arts. Neither the AIF nor the Ag Hall receive federal aid. Watkins said contributors have already been lined up for the memorial.

Moffa received attention in the early 1960s with his musical composition "The Berlin Suite," depicting the Berlin crises. He said the farmer's orchestral suite will be a disciplined, 20-minute rendition centered around the memorial's past, present and future theme.

Moffa also said the dedication event next June will be a positive event and is expected to attract nation-wide media attention. He said the ABC news magazine sh[illegible]/20 is currently planning to [illegible] feature on the Ag Hall and the memorial."

Agricultural Hall of Fame and National Center

Newslog

Chartered by Congress 1960

Spring/ Summer 1986

State aid allows Newslog to return

Ag Hall Newslog is back.

More than two years ago, the Hall of Fame management scraped together every dollar it could get—even borrowing against future projects—to pay off a $600,000 mortgage and became debt free for the first time in its 25-year history.

Since then, money has not been available to resume publication of Newslog. We even appealed for money through our Booster Club and former donors, but because of the financial crisis in American agriculture, the response was not great enough to print another issue.

Fortunately, the 1985 Kansas Legislature shared our belief that we must somehow 'ntain contact with America's agricultural stry and appropriated $10,000 for the publication and distribution of Newslog through the Kansas Department of Economic Development.

Considerable time and research has been made toward reaching as many in the industry as possible with the money allocated. We have eliminated color printing, reduced the number of issues from four to two a year, compromised a bit on paper quality, and cut our printing costs to half of what they had been. The good news, however, is that we have increased our mailing list from 10,000 to 25,000 an issue.

Our thanks to the Kansas Legislature for its help in keeping this publication coming to you, and for its help in providing money for more than a quarter of a million "Visit Ag Hall" brochures distributed in the past year.

The Agricultural Hall of Fame was chartered (but not financed) by Congress and signed into law by President ight D. Eisenhower on Aug. 31, 1960.

e concept was endorsed by former Presidents erbert Hoover and Harry Truman and seven secretaries of agriculture. Howard Doane of St. Louis was chairman of the site selection committee which chose the location of the Ag Hall. Raymond C. Firestone of Akron, Ohio, headed the fund-raising committee that raised the first $1 million.

Vice President Hubert Humphrey attended the grand opening of the first building in May 1965.

LOWELL DAVIS—A native of the Missouri foothills, Davis is the first artist to pioneeer the theme of rural farm life in America. Many of his paintings and sculptures can be seen at the Ag Hall of Fame.

Lowell Davis art shown at Ag Hall

Only a few years ago, Lowell Davis was just another artist and sculptor. All that changed when he bought a little farm in the foothills of the Ozarks, restored it to the 1920-1930 era and started using farm animals as models for his work.

Today, artist's proofs of his sculptures are displayed in the Lowell Davis Room at the Agricultural Hall of Fame, and Mr. Davis is known throughout America for his authentic interpretations of rural life back when the family farm was the backbone of the nation.

The Lowell Davis Room is the first room of what eventually will be the National Gallery of Rural Art. Money for this room was donated by Harold L. Adkins, the Ag Hall director and a longtime Lowell Davis admirer, in memory of his parents, lifelong farmers. The three dozen or so sculptures were donated by Mr. Davis and Schmid Inc.

Kansas Gov. John Carlin proclaimed June 2, 1984, as Lowell Davis Day. Similar proclamations were made by Mayor Jack Reardon of Kansas City, Kan., and Mayor Richard Berkley of Kansas City, Mo., and a special tribute to the artist was made by Paul Schmid III of Randolph, Mass., worldwide distributor of Lowell Davis art.

Support continues for rural art gallery

Currently, no museum or gallery of art anywhere in the world is devoted exclusively to rural art. And the director of the Agricultural Hall of Fame, Harold L. Adkins, thinks something should be done to fill such a void before "all the old homesteads fall down and the farm family way of life disappears forever from the American scene."

Hoping to preserve such art, Mr. Adkins envisions a multimillion-dollar building to house the world's greatest collection of rural paintings, sculptures and photography.

"I envision something on the scale of Kansas City's own Nelson Art Gallery and Atkins museum collection and a place where art lovers would come from all over the world to study and admire," Mr. Adkins said.

To make this dream come true, Mr. Adkins plans to lead the fund drive for such a building after he retires from the Hall of Fame. He has set a target date for completion of the National Gallery of Rural Art at no later than 1991 or 1992.

To help finance the project, plans are already under way for an annual National Rural Art Show and Sale. In addition, Schmid and Company of Randolph, Mass., the worldwide distributors for Lowell Davis Fox Fire Farms and RFD America rural sculptures, has agreed to donate 6 percent of sales from certain Lowell Davis art to help seed the building fund project.

Already, artists from all across America have been donating their limited edition prints and originals to the Hall of Fame for display in the gallery.

The Agricultural Hall of Fame represents the common interests of the diverse components of all agriculture. It is the only national private organization chartered by Congress to encourage public participation in the preservation of agricultural history and memorabilia and to honor the farm women and men who have made American agriculture the envy of the entire world.

The official emblem of the Agricultural Hall of Fame was created in the fall of 1968 by Joe Bohler, who was employed at Hallmark Cards Inc., Kansas City. Mr. Bohler was born and raised on a 1,000-acre Montana cattle ranch.

Anvil collection is largest in world

You may now see the world's largest collection of blacksmith anvils at the Agricultural Hall of Fame.

The 300 anvils, weighing from a few ounces to more than 500 pounds each, are just a small part of our valued collection of historic tools donated by Lesta McConnell in memory of her father, Lester McConnell, a blacksmith of Independence, Kan.

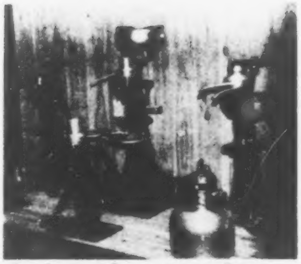
Just to have this collection, described by many as representing the history of blacksmithing in one shop, the Ag Hall Board of Governors made a special effort to raise $25,000 from their own membership to build a rustic replica of the 1908 Independence shop. The 5,000-square-foot Governors Building houses the last such collection available in the United States, and is appraised at well more than $150,000.

Besides the 40,000 pounds of anvils, hundreds of additional tools—many of them hand-forged by the McConnells—came with the collection and have been attractively and educationally arranged for public enjoyment. They include special hammers, tongs, punches, chisels, files, cutters and wrenches.

The original shop was started in the 1850s and had been handed down from generation to generation until the 1960s, when blacksmithing became a thing from the past. Mr. McConnell operated it as a museum the last several years of his life.

Ms. McConnell spurned offers from the Smithsonian Institution in Washington and five other museums, choosing to locate the collection at Ag Hall. The re-created 1908 McConnell fourth generation blacksmith shop is in what eventually will be a tourist mecca of its own, Farm Town U.S.A., which now includes an authentic one-room school, the blacksmith shop and a 100-year-old railroad depot. Additional buildings will include a log cabin, bank, an old mill and other buildings yet to be donated.

The blacksmith shop was formally presented to the Hall of Fame Board by Lesta McConnell on Aug. 10, 1985.



DeLaval separators return to Museum

After 10 years, the nation's foremost collection of cream separators has returned for permanent display in the Museum of Farming building.

The display, always a favorite of museum visitors, was picked up by the De Laval Company in the mid-1970s and shipped back to Poughkeepsie, N.Y., because the company was afraid the Hall of Fame was about to fail.

Recently the parent company, now renamed Alfa-Laval, moved its headquarters to the Kansas City International Airport area, and Ag Hall Director Harold Adkins negotiated its return, after convincing Alfa-Laval that this valuable and historic collection would be preserved and displayed here forever.

A special room has been set aside to properly display the items that date as far back as the early 1880s. Most of them have been painted and restored to their original almost-new condition. In an attempt to make the museum items more interesting, a narrated push-button device will inform listeners that the device separated the cream from milk and was in effect the first food processing done on the farm. The making (churning) of butter from the cream was the second.

The National Board of Governors of the Agricultural Hall of Fame thanks the Alfa-Laval Company for its re-commitment to put this collection on permanent display for the education and enjoyment of the public.

ONLY AT THE AG HALL—The world's largest collection of blacksmith anvils is now on display at the Agricultural Hall of Fame's Blacksmith Shop.

23 honorees have been inducted into Ag Hall of Fame

Several honorees have been added to our list since the last **Newslog**. The 23 individuals listed below have all been officially inducted into the Agricultural Hall of Fame. Additional honorees will be inducted in 1987.

Stephen M. Babcock, Wisconsin: Developed the "Babcock Test," making it possible to determine butterfat content of milk in ten minutes.

Hugh H. Bennett, North Carolina: Considered the father of the Soil Conservation movement. He worked to control soil erosion as early as 1929.

Norman E. Borlaug, Iowa: A plant genticist. Considered the father of the Green Revolution and a Nobel Peace prize winner.

Luther Burbank, Massachusetts: His efforts resulted in more than 800 new plants, including flowers, vegetables, and fruits.

Arthur Capper, Kansas: Co-author of the Capper-Volstead Act of 1922, permitting farmers to join together to process and market their own products.

Mark A. Carleton, Kansas: A plant pathologist. Imported wheat from Russia and adapted it to U.S. soil and climates.

George Washington Carver, Missouri: Born the son of slaves, he became a world-renowned scientist and developed hundreds of food and industrial products from peanuts and sweet potatoes.

Roswell Garst, Iowa: Entrepreneur and a leader in recognizing the profit potential in hybrid corn.

Albert B. Graham, Ohio: Considered the father of the 4-H farm youth movement. Started the first club in 1902.

William D. Hoard, Wisconsin: Pioneered the fight againt food adulteration and created the nation's first dairy and food commission.

Dudley Mays Hughes, Georgia: Co-sponsored t Smith-Hughes Vocational Education Act of 1917, which led to the establishment of vocational agriculture classes.

Thomas Jefferson, Virginia: Our nation's first great pioneer in the development of scientific farming practices.

Dr. **Seaman A. Knapp, New York**: He first originated the extension teaching techniques of "learning by doing" and set up the first demonstration farm in Texas.

Cyrus Hall McCormick, Virginia: Introduced the bill to grant public lands for the support of agricultural colleges.

Justin Smith Morrill, Vermont: Introduced the bill to grant public lands for the support of agriculture colleges.

Enos J. Perry, New Jersey: A pioneer force in artificial insemination of cattle at Rutgers University.

Hoke Smith, Georgia: A journalist and lawyer and co-sponsor of the Smith-Hughes Vocational Education Act in 1917.

Squanto, the Indian Nation: Taught the Pilgrims how to plant corn in rows and to fertilize each hill with fish for greater yield.

Andrew J. Volstead, Minnesota: Co-author of the Capper-Volstead Act, which is considered the "Magna Carta" of agriculture.

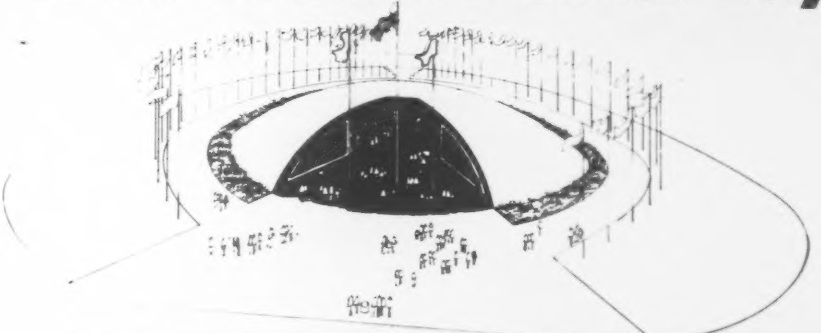
Henry A. Wallace, Iowa: Served two terms as secretary of agriculture. Editor of the **Wallace Farmer**. Helped introduce hybrid corn to the nation's farmers.

George Washington, Virginia: Imported livestock (mules from Spain). Invented farm equipment, improved soil conservation, and crop-growing techniques.

Eli Whitney: Whitney's Cotton Gin made cotton growing profitable by eliminating the tedious hand labor of cleaning seed from short cotton staple.

Note: **Honorees must have made an impact American agriculture on a national level.** If you wo like to nominate someone, send pertinent information (or where such information can be found on that person) and a 5-by 7-inch black-and-white photograph to the following address: Vice President/Hall of Fame Honorees, 630 N. 126th St., Bonner Springs, Kan., 66012. Material submitted will be preserved in our files here indefinitely and will not be returned.

National Farmers Monument To be dedicated Labor Day



THE NATIONAL FARMERS MEMORIAL

THE AUSTIN COMPANY
ARCHITECTS
ENGINEERS

A big, big day
for the
Agricultural Hall of Fame

Farmers Monument represents many firsts

The National Farmers Monument/Memorial will be another great moment in American agriculture.

1. The first major monument/memorial ever dedicated to the American Farmer.

2. The first national monument/memorial ever built outside Washington, D.C.

3. The first national monument/memorial ever built without any tax dollars.

4. The first ever built with mostly donated materials and services.

5. The first and only piece of orchestral music ever written to commemorate the American Farmer. It will be played as part of the dedication ceremonies.

6. The first time ever that a major orchestral suite has been written and played as part of such a dedication.

Absolutely everyone who has an interest in agriculture is invited to attend this historic event, which is already shaping up to be the largest gathering of agricultural leaders ever to meet at one place at one time. There is no doubt that an agricultural summit of significant proportions is developing.

**and a big, big day
for Kansas City,
Wyandotte County,
State of Kansas
farmers, ranchers,
and the nation's
agri-business industry.**

Farmers sculpture depicts all eras

The American Farmers sculpture–depicting farmers past, present and future–will arrive at the Hall of Fame by midsummer. Ford trucks, courtesy of the Ford Truck and Tractor Divisions, Detroit, will see that they arrive safely.

The three steel and bronze high relief sculptures, each 11 by 11 feet and weighing several tons, will go together to form a bronze mural some 33 feet long, and will be

[continued on back page]

Orchestral Suite to honor monument

The world premiere of the four-movement orchestral suite will be performed by a major symphonic orchestra, conducted by Robert Moffa, at the Midland Center for the Performing Arts in Kansas City, Mo., the evening after the monument/memorial is dedicated.

The Orchestral Suite "The American Farmer," past, present, future, coincides with the National Farmers Monument/Memorial, to bring recognition to the American Farmer through art and music.

First Movement: Intrada, A PROUD HERITAGE

Second Movement: The Past, EARLY AMERICAN FARMERS

Third Movement: The Present, THE PERSISTENT FARMER

Fourth Movement: The Future, A FARMER OF COURAGE

This is the first orchestral movement to be composed in conjunction with a memorial sculpture. For example, no serious orchestral work was done for the Lincoln Memorial, the Washington Monument, the Marine or Vietnam memorials.

Robert Moffa is a noted composer who was commissioned to do the work by the American Ideals Foundation of Brooksville, Fla. American Ideals is a group that

[continued on back page]

Orchestral Suite ...

finances and places art and music in public places. It has never asked for or received any government grants. Mr. Moffa grew up and labored in the farm fields of New Jersey. His overture, "The Harvest," depicts the planting, the anticipation, the anxiety and the emotion until the day of harvest.

Because the Midland seats fewer than 3,000 people, admission–although free–will be by invitation only.

Challenge grant to aid Museum of Farming

For some time now the Hall of Fame has needed money to expand the Museum of Farming into the old shop building. Besides gaining more than 5,000 square feet of additional space, development of that area would make it possible for all visitors (including those in wheelchairs) to enter at ground level. Several exciting new displays, some already donated, could then be enjoyed by the public.

Renovation of the old shop has already started, but $25,000 is needed for a new ground-level entrance, heating and air conditioning, an all-new traffic pattern and different areas to properly display the many exhibits now in storage.

One such exhibit is the six giant "talking foods" display donated by the U.S. Department of Agriculture. Such grant foods as a 4-foot orange, a tomato and a 14-foot ear of corn tell a factual story about themselves each time a button is pushed.

Cost of the project can be held to about $25,000 because most of the work would be done by staff and volunteers when their services are not needed elsewhere. About the only professional help required would be to install and hook up the automatic electronic devices that play the different messages.

The Hall of Fame has a $10,000 challenge grant, which means that for every dollar you give, our booster club members also will donate a dollar up to the $10,000 total.

Those who contribute at least $25 will have their 1987 booster memberships paid (see ad for membership privileges). Everyone who donates $200 will be able to honor themselves or someone with a square yard of the Farmers Honor Acre now being completed on Hall of Fame grounds.

Remember, for every dollar you donate toward expanding our museum and making it accessible for wheelchair visitors, another donor will match it. We will print names of donors, and identify our matching grant donors in the next Newslog. Your financial support of this project is appreciated.

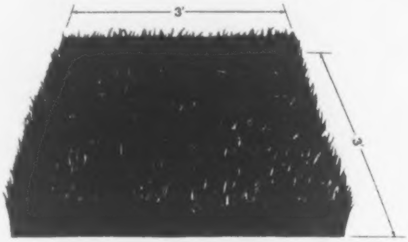
Monument dedication ...

displayed in an open-air pavilion. Together, the sculptures and the pavilion will be known as the National Farmers Monument/Memorial.

The pavilion, a work of art in itself, was designed by architect Reza Alie of the renowned architectural firm The Austin Company, which has offices in Kansas City and around the world. The building and the sculptures will be placed in a circle of state flags at the main entrance to the Hall of Fame.

Nationally known sculptor Lewis Watkins was commissioned by the American Ideals Foundation of Brooksville, Fla., to do the work. American Ideals and the Agricultural Hall of Fame co-sponsored the monument/memorial. The Hall of Fame agreed to provide the setting for the structure and to secure and maintain it in perpetuity.

Faces of six men and women, representing the farmers and ranchers of American agriculture, were selected to serve as models for the sculptures in a nationwide call for nominations last winter. Their names and the states they are from will be announced in our next newsletter.



HOW YOU CAN BEST HONOR THE FARMERS IN YOUR FAMILY

Inscribe your family name in perpetuity on a square yard of the Honor Acre at the Agricultural Hall of Fame — where America officially honors all farmers in a special way.

We'll send you a handsome Deed, suitable for framing, that proclaims ownership of a 3' x 3' square — which you may visit at any time — in a specially landscaped public plaza adjacent to the Hall of Fame at the AgriCULTURAL Center. For a tax deductible contribution of $200, your plot will be appropriately and permanently recorded under your family's or your honoree's name at the Center. And your contribution will be used for permanent improvements at the Center's 270-acre, 7-building complex 18 miles west of downtown Kansas City on Interstate 70.

The Honor Acre will be the site of public events honoring farmers and farming to help carry the message of American Agriculture to the general public. In addition to according a distinctive honor to someone close to you, your contribution also carries a one-year membership in the Ag Hall Booster Club entitling your family to free admission to the Hall of Fame, a free subscription to the Club's newsletter, 10% discount at the Center's Gift Shop, and a beautiful membership certificate.

Just fill out and mail the Honor Acre Reservation below and enclose your check. Or for a 64-Color Picture Book describing the AgriCULTURAL Center, send a stamped, self-addressed LONG envelope to the address below.

THE AGRICULTURAL HALL OF FAME
630 N. 126th St. · Bonner Springs, KS 66012
Where America Honors the Hands that Feed Us

HONOR ACRE RESERVATION

I wish to honor ______________________
by the purchase of one square yard in the Honor Acre

☐ Enclosed is my check for $200, for one square yard.

☐ Please send a copy of the FREE 64-Color Picture Book (enclose self-addressed, stamped long envelope) and more information on memorial opportunities at the Ag Hall.

Name ______________________

Address ______________________

City, State, Zip ______________________

Space for this public service message contributed by the publication

Ag Hall of Fame Room dedicated

After retiring our mortgage, the Ag Hall can now concentrate on improvements with money that had been going for interest payments.

Our first such improvement has been an all-new and completely carpeted Hall of Fame Room to better display our inductees. It was dedicated and opened to the public last year.

Each honoree now has a separate cubicle to display his picture and tell of his contribution to American agriculture. Each picture is displayed in a sculptured frame, with various farm products and symbols assembled around it. A spotlight focuses attention on the picture, which is hung on a walnut background. Below this is a brightly colored backlighted panel with a brief summation of the honoree's lifetime accomplishments, birth and death dates, etc.

A large Hall of Fame emblem and sign and a narration by the Hall board chairman, Arden Booth, greet all the visitors who push the button for the Hall of Fame story. The all-new Hall of Fame Room now presents the honorees in an educational and inspirational manner. Many visitors say we now have the most impressive Hall of Fame they have visited.

Twenty-two persons are now in the Hall of Fame, and another has been approved for induction next year. John Deere was approved several years ago, but the John Deere Comapny requested that we wait until its 150th anniversary in 1987, and its request was honored.

Harland Priddle, Kansas Secretary of Agriculture, did an outstanding job of handling the 1984 introductions, and Dr. Robert Carlson of Pfizer Company did a repeat in 1985. Our thanks to both board members.

Coldwater FFA donates spreader

The Coldwater, Ohio, Future Farmers of America recently restored an 1898 New Idea Manure Spreader and presented it to the Hall of Fame for permanent display in the Museum of Farming. The New Idea Corporation calls Coldwater home; the spreader is said to be the first commercial spreader built in America.

The Hall of Fame management would be pleased to display other pieces of machinery or rural items restored by FFA chapters and 4-H clubs as a way of improving the quality of museum artifacts at little or no cost. There is no doubt that these youth organizations could provide the labor to get the job done and that it would contribute significantly to the images and services the Hall of Fame provides.

Agricultural Hall of Fame Executive Board

Arden Booth	Chairman
Frank Corbett	President
Michael Sarras	Secretary
Thomas Higgins	Treasurer

Service Vice Presidents

Dr. Robert Carlson	Honoree's
Dr. Carlos Cooper	Library
Leon Lallier	Building & Grounds
Jeff Flora	Museums
Edward Whitcher	Public Relations

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John Junior Armstrong
Francis Gordon
J. Harold Hamil
D. W. Hininger
Mark H. King
Joseph D. McTigue
Ray Mackey
Gene W. Porter
Laurence Pressley
Dr. Bob Scott
Paul Stark
Albert Stuchlik
Dwight Sutherland

Staff

Harold Adkins	Director
Doris Fox	Office Manager Bookkeeper
Elaine Bundy	Snack Bar Gift Shop Manager
Karen Ferrell	Secretary Tour Coordinator

One Room School meeting set for Saturday, June 7

Avis Crown, chairman of the One Room School Committee, has announced that the annual One Room School lunch and business meeting will take place Saturday, June 7. Both events will be in the Rural Electric Conference Theater, with a walk to the One Room School afterward. The public is invited to participate.

More than two dozen one-room school teachers have now volunteered their time for demonstration classes for the thousands of children who come to the Hall of Fame during April and May school tours.

Ag Hall lists calendar of events

The past two years have been the most exciting in the Hall of Fame's 25-year history, and 1986 promises to be the most exciting of all.

After the Ag Hall opened for another season April 1, the sounds of thousands of area schoolchildren began echoing through the Hall of Fame buildings on their annual school tour. Volunteer tour guides and one-room school teachers will continue to help make the tours an exciting and educational adventure.

Plans also call for dedicating an all-new glass and walnut case displaying major contributions made in the last 25 years. Altogether, more than 33,000 donors nationwide have contributed time, money or artifacts to our museum.

On June 6, most of the volunteer retired teachers will meet for their annual last-day-of-school picnic and business meeting. This will be followed by a two-day Ethnic Festival International on June 21-22 as part of the Kansas City, Kan., Centennial celebration.

Shortly after, a Western Auto and Lee Clothing Manufacturing Company picnic is scheduled for June 28 and 29 on Ag Hall grounds. Following this will be the Richard Company picnic July 19 with nearly 5,000 happy visitors expected.

Thousands upon thousands of vacationing families will stop by in June, July and August to enjoy the History of Farming movie, walk the one-mile nature trail, browse through the historic building in Farm Town USA, enjoy the National Gallery of Rural Art and learn American history in the Hall of Fame room. The ladies will especially enjoy a walk through Grandmother's House while the men reminisce in the Museum of Farming building.

The Hall of Fame Saddle Club–another volunteer organization–will again hold horse shows in our arena.

Visitors also will be able to watch and enjoy the renovation of our newly donated railroad depot, which will celebrate its 100th anniversary with a grand re-opening early next year.

Then on Monday, Sept. 1–Labor Day–the most important event in our history will take place with the dedication of the National Farmers Memorial and world premiere of Orchestral Suite, the American Farmer, both donated by American Ideals Foundation, Brooksville, Fla.

September and October will bring the thousands of senior citizens who always come to enjoy the nostalgia found in every nook and cranny of our vast complex of agricultural history. November brings the thousands of Future Farmers of America, in Kansas City for their national convention, to the Hall of Fame to look at their rural heritage.

OUR
FOUNDERS

HONORING THE NATION'S BEST—The Agricultural Hall of Fame Room features a series of handsome plaques which honor those inducted into the Hall of Fame. From left, our founders: Newell George, Senators Harry Darby and Frank Carlson, and Howard Cowden, whose idea it was to create a National Hall of Fame for Agriculture.

Recent donations listed

Dr. Robert Carlson of the Pfizer Company was recently elected chairman of the Hall of Fame National Foundation/Development Program. Donations may now be made to either the Foundation Fund or Special Projects funds.

The Foundation Fund now stands at $50,225.52 after a recent $5,000 contribution from the American Farm Bureau of Chicago. The fund will be allowed to build to $1 million before any money can be spent. It is hoped that interest earned after that tme can help stabilize the Hall of Fame's cash flow by providing money for necessary overhead.

Major donations since our last Newslog include $20,000 from Romaine Best, with half going to the Foundation Fund and half going into the Development Fund; $10,000 each of the last three years from the Briedenthal Family Foundation Fund;$1,000 a year plus from the Otto P. Krapf Fund; and $3,000 from Sen. Bob Dole's honorarium.

Tom Higgins has continued to work with the banks and has raised more than $25,000 from First National Bank of Kansas City, Boatmen's Bank & Trust Co. of Kansas City; Commercial State Bank of Bonner Springs; the Commerce Foundation of Kansas City; Traders Bank of Kansas City; Brotherhood Bank & Trust Co.; Industrial State Bank; the Mission State Bank; Edwardsville State Bank; Twin City State Bank; Arrowhead State Bank; Turner State Bank; Westgate State Bank; and Home State Bank, all in the Kansas City area.

In addition, Ambrose Dempsey recently held a thank-you breakfast at the Ramada Inn in downtown Leavenworth and invited community leaders to hear an update on the Hall of Fame. As a result, the financial institutions of the area made cash donations and pledges totaling more than $6,000. The contributors are First State Bank of Tonganoxie; Bank of McClouth; Leavenworth Bank and Trust Co.; Citizens Mutual Savings and Loan; Manufacturers State Bank; and the Mutual Savings Association, all of Leavenworth.

Since becoming chairman of the Foundation Fund drive, Dr. Carlson has contacted nearly every major agribusiness and foundation in the country, most of which have been unable to respond favorably to our request for support. However, Mobay Chemical Corp., which we have contacted each year for several years, responded this time with a $10,000 check to be used in the Museum of Farming display area. Also, the American Cyanamid Co. sent a check for $500 to be used in our all-new Hall of Fame program; and the Kraft Foundation responded with a $5,000 unrestricted donation.

Our thanks to all of our contributors, large and small, who help continue to honor the most productive man the world has ever known—the American farmer. Thanks also to Dr. Carlson, Tom Higgins, Ambrose Dempsey and all those on the board who are making efforts in behalf of the Hall of Fame.

Honor Acre plots near completion date

After a yearlong delay because of rainy weather, the Farmers Honor Acre plots are scheduled to be completed and dedicated this year.

A considerable amount of dirt has to be moved to the site before walkways and identification letters and numbers, or even the entrance gate can be built. It must be done at a time dry enough that heavy equipment will not destroy our front yard and grounds.

The names of people who purchased a square yard of the Farmers Honor Acre (totaling several hundred) will be published in the next issue of Newslog, along with details of the dedication. If you have not reserved a square yard in your name, or in the name of someone you wish to honor, you should do so soon. Call us at (913) 721-1075 for complete details.

* * * * * *

Newslog is published semi-annually by the Agricultural Hall of Fame, and is edited by Jill C. Holder of Kansas City, Kan. Printing is done by Five Star Printing, Kansas City, Kan.

Celebrations

While the Hall of Fame is celebrating its silver anniversary year, the city of Kansas City, Kan., and the state of Kansas are celebrating anniversaries of their own, and on Ag Hall grounds.

Kansas City, Kan., which observed its 100th anniversary March 6, will continue to celebrate the year of its birth with several special events throughout the year. The main event, the Ethnic Festival International, will be held June 21 and 22 on Ag Hall grounds. It is presented by the Kansas City, Kan., Centennial Commission Inc., and co-sponsored by the Ethnic Council of Kansas City, Kan., and the Kaw Valley Arts Council. You may telephone (913) 299-0264 for more information.

Kansas, which is celebrating its 125th year, also has designated the Ethnic Festival International as one of the state's official celebration sites. You may obtain additional information on the Kansas activities by calling the Kansas Department of Economic Development at (913) 296-3481.

The Hall of Fame is pleased that its president, Frank Corbett, is also president of Kansas City, Kan., Centennial Inc., and its chairman of the board, Arden Booth, is a member of the 125th Kansas Anniversary Commission recently appointed by Gov. John Carlin.

Festival marks 10th

The Renaissance Festival will celebrate another anniversary when it opens for its 10th season on Labor Day weekend. The festival has come a long way since director Harold Adkins brought the event to the Ag Hall and developed the grounds for it in the fall of 1977.

Not only has the festival expanded its schedule from three to seven weekends for 1986, but it also has increased attendance from 6,000 that first year to more than 150,000 the past several years.

Agricultural Hall of Fame
630 N. 126th Street
Bonner Springs, Kansas 66012

Non Profit Org
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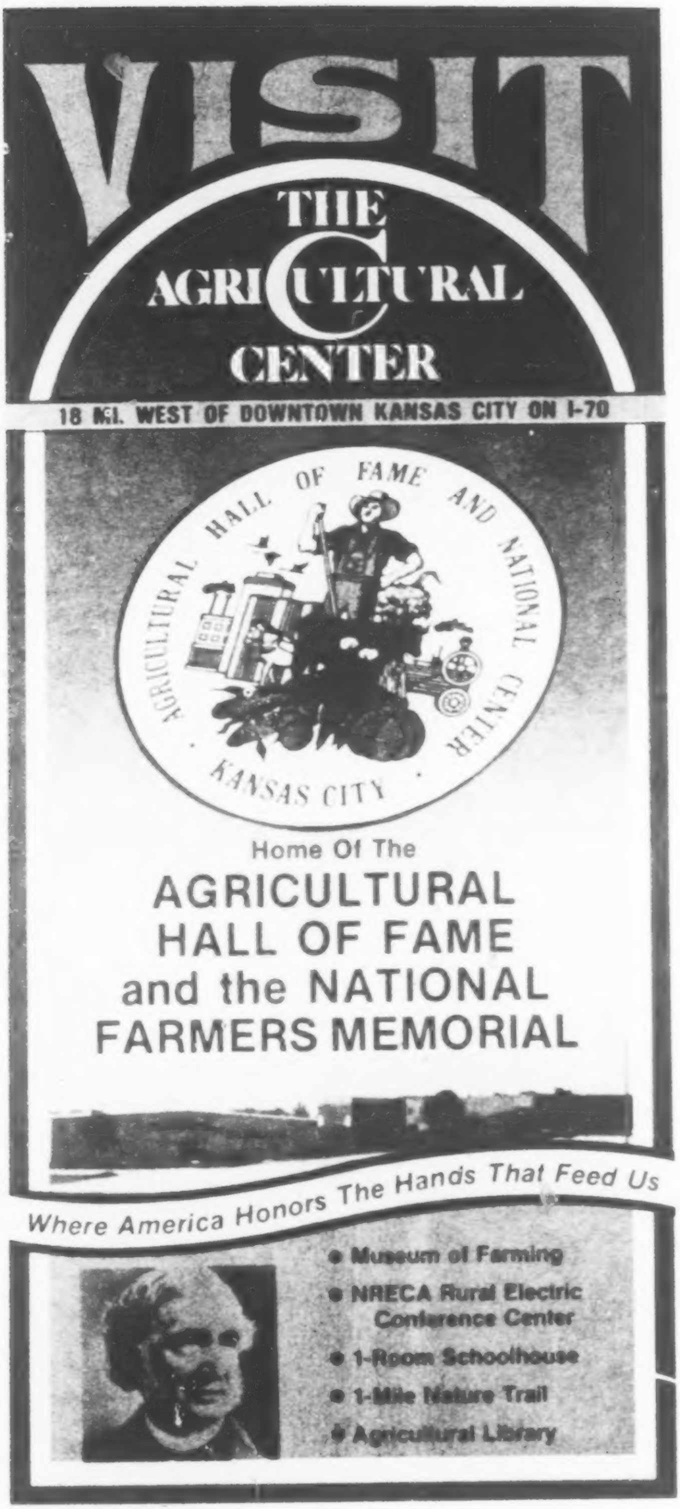
Permit No. 59
Bonner Springs,
Kansas

When tillage begins, other arts follow. The Farmers, therefore, are the Founders of Civilization. DANIEL WEBSTER

The Agricultural Hall of Fame is open from April 1 to December 1 from 9 a.m. to 5 p.m., Monday through Saturday; 1 p.m. to 5 p.m., Sunday. Admission: adults, $3; adults over 65, $2.50; youth 6-16, $1.50; and free for children under six. Special group rates are available, and those interested are invited to send for a group tour brochure.



VISIT THE AGRICULTURAL CENTER

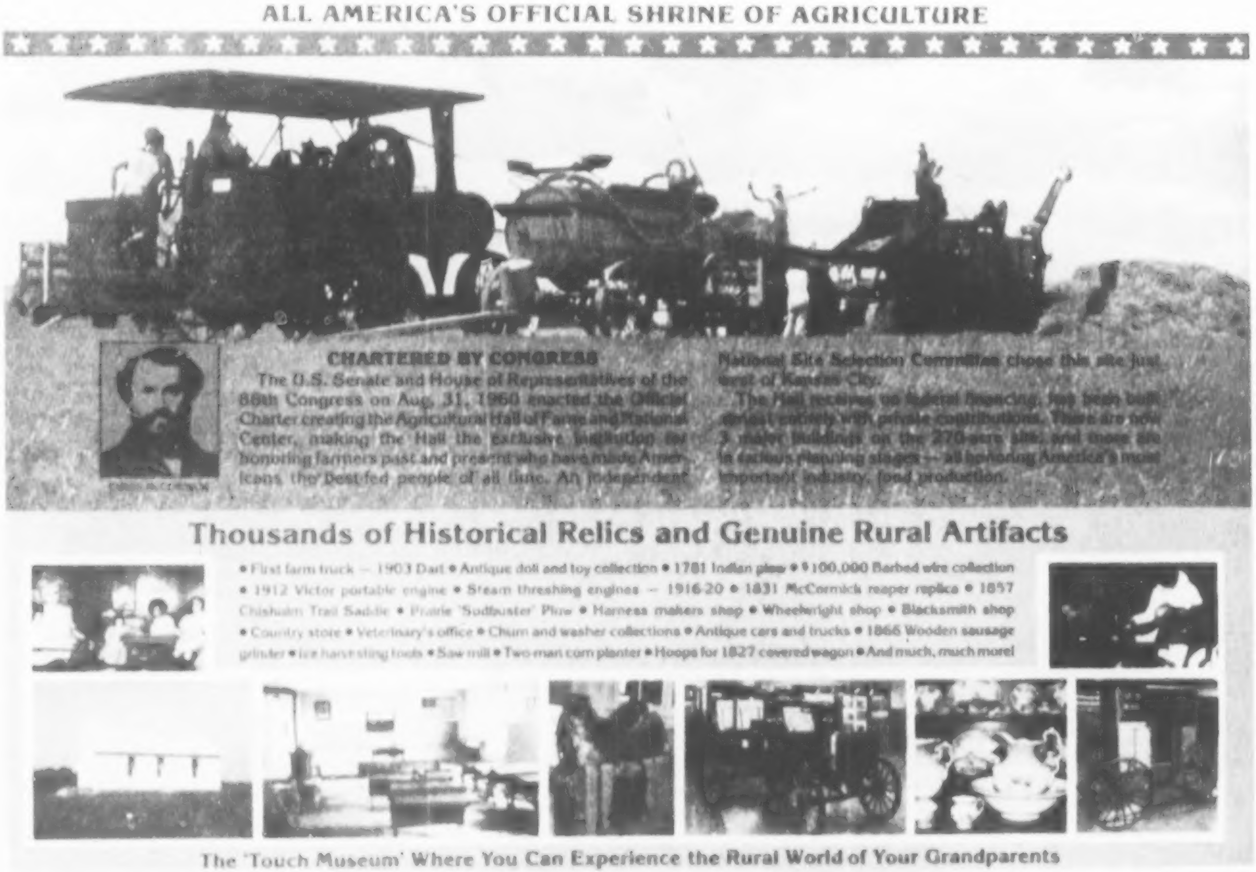
18 MI. WEST OF DOWNTOWN KANSAS CITY ON I-70

Home Of The

AGRICULTURAL HALL OF FAME and the NATIONAL FARMERS MEMORIAL

Where America Honors The Hands That Feed Us

- Museum of Farming
- NRECA Rural Electric Conference Center
- 1-Room Schoolhouse
- 1-Mile Nature Trail
- Agricultural Library



ALL AMERICA'S OFFICIAL SHRINE OF AGRICULTURE

CHARTERED BY CONGRESS

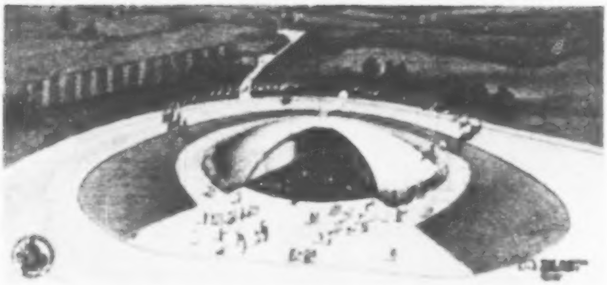
The U.S. Senate and House of Representatives of the 86th Congress on Aug. 31, 1960 enacted the Official Charter creating the Agricultural Hall of Fame and National Center, making the Hall the exclusive institution for honoring farmers past and present who have made Americans the best-fed people of all time. An independent National Site Selection Committee chose this site just west of Kansas City.

The Hall receives no federal financing, has been built almost entirely with private contributions. There are now 3 major buildings on the 270-acre site, and more are in various planning stages — all honoring America's most important industry, food production.

Thousands of Historical Relics and Genuine Rural Artifacts

• First farm truck — 1903 Dart • Antique doll and toy collection • 1781 Indian plow • $100,000 Barbed wire collection • 1912 Victor portable engine • Steam threshing engines — 1916-20 • 1831 McCormick reaper replica • 1857 Chisholm Trail Saddle • Prairie 'Sodbuster' Plow • Harness makers shop • Wheelwright shop • Blacksmith shop • Country store • Veterinary's office • Churn and washer collections • Antique cars and trucks • 1866 Wooden sausage grinder • Ice harvesting tools • Saw mill • Two-man corn planter • Hoops for 1827 covered wagon • And much, much more!

The 'Touch Museum' Where You Can Experience the Rural World of Your Grandparents



SEE the NATIONAL FARMERS MEMORIAL

FREE

The only national memorial dedicated to America's food producers past, present and future is situated on the elliptical drive in front of the Agricultural Hall of Fame...and is open to the general public every day. Built by the National Ideals Foundation entirely with private contributions, the Farmers Memorial features three massive, high-relief bronze panels measuring 10' x 11' and weighing 1½ tons each. The panels, honoring farmers of past, present and future, are erected in the face of a large, masonry covered mound which symbolizes the Earth within which farmers ply their art. The Memorial was dedicated September 1, 1986.

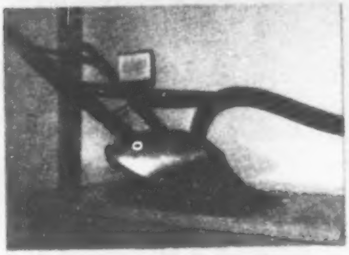
PLUS

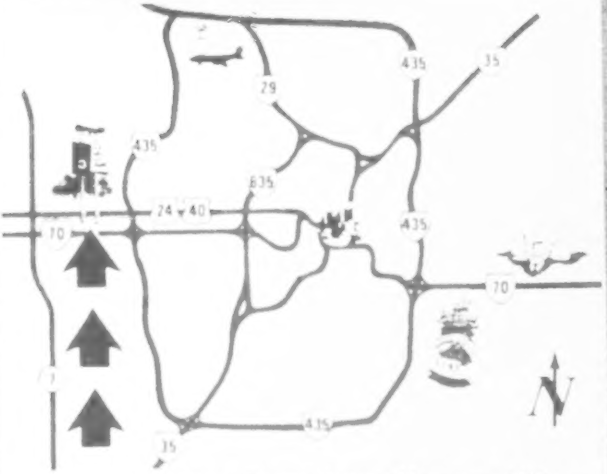
When tillage begins, other arts follow. The farmers, therefore, are the Founders of Civilization.

— DANIEL WEBSTER

SEE HARRY TRUMAN'S PLOW

Pres. Harry S. Truman contributed the first of thousands of artifacts and relics to the Museum of Farming at the Agricultural Hall of Fame — the walking plow he used as a young man on the Truman family's Missouri farm. See and touch this and thousands of other museum pieces at the Hall of Fame.





18 mi. West of Downtown Kansas City
on Interstate 70/U.S. 24, 40 & 73

[illegible]

Open Seven Days a Week — April 1 to Dec. 1
Monday Saturday — 9 a.m. to 5 p.m.
Sundays 1 to 5 p.m.

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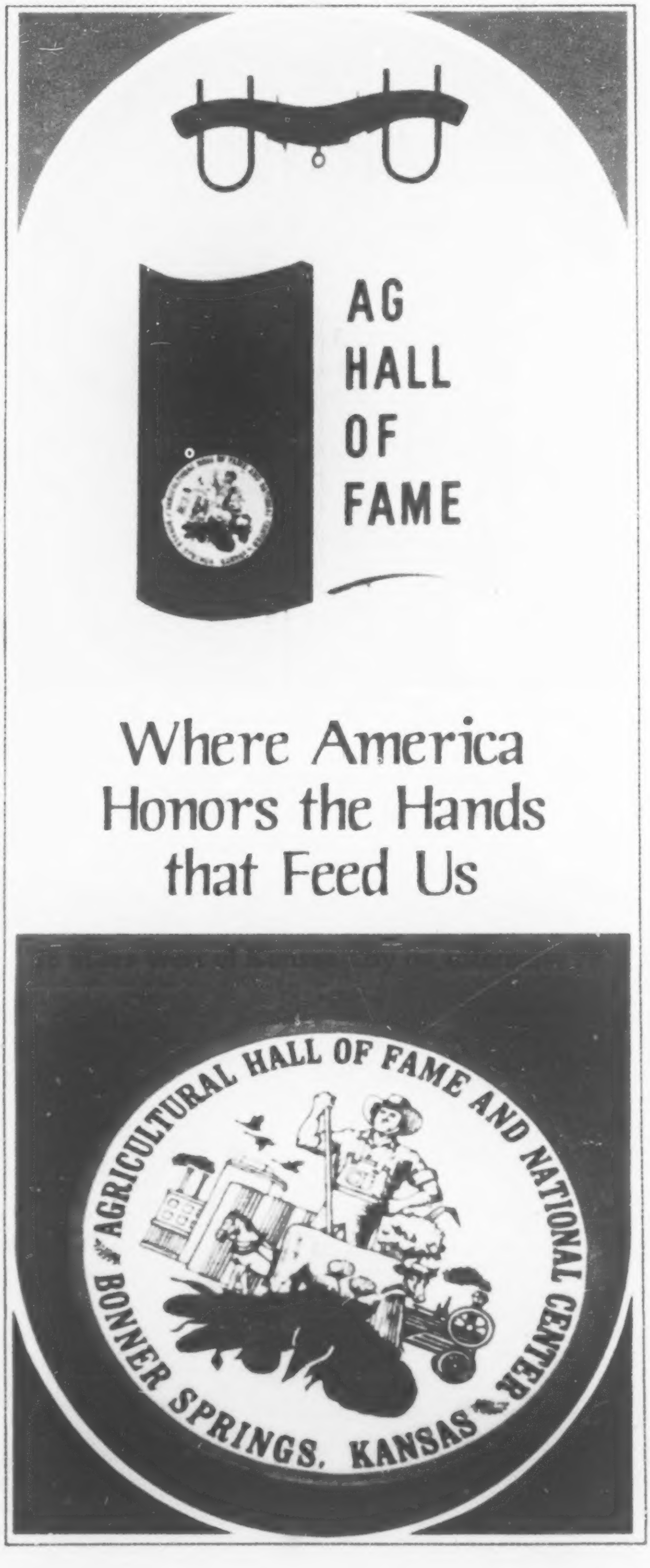
AGRICULTURAL HALL OF FAME
630 North 126th Street
Bonner Springs, Kansas 66012

Area Code 913 721-1075



AG
HALL
OF
FAME

Where America
Honors the Hands
that Feed Us

AGRICULTURAL HALL OF FAME AND NATIONAL CENTER
BONNER SPRINGS, KANSAS

When the U.S. Congress granted an exclusive Charter to build an Agricultural Hall of Fame and National Center just west of Kansas City, the Founders were charged with developing a living memorial to America's Farmers.

Today, amid 270 acres of beautiful, rolling countryside, the Hall of Fame and adjacent Museum of Farming present an unmatched educational and historical adventure to visitors interested in the worlds of today's farmers and of yesterday's Rural America.

Not a penny of Federal money has been expended in building this unique facility, and no Federal funds support it. The Hall of Fame depends entirely upon the generosity of visitors—and gifts. More than 30,000 individual donors have contributed cash and artifacts of inestimable value since the project was begun in 1960.

By nature, any Hall of Fame must be exclusive in its field. The Agricultural Hall of Fame is more than a unique memorial. It is an educational adventure and an historical experience. And it is a shrine to the unsung farmers who have made Americans the most abundantly fed people the world has ever known.

All of us, virtually, have roots in the country. And if not roots, certainly close ties.

At the Agricultural Hall of Fame you can sit at a wooden desk by a potbellied stove in a one-room schoolhouse just like the one where your grandmother learned readin', writin' and 'rithmetic.

You can see and touch utensils and furnishings which were standard wares for centuries—before modern science changed the countryside forever.

An Exciting Look at YESTERDAY

You can see hand-crafted toys that youngsters loved... the pots and pans, pictures and paraphernalia that were part of everyday routines before autos, airplanes and electronics remade the world. The Museum of Farming at the Hall of Fame has the biggest and most-varied collection of agricultural antiques in all America.

The most significant aspect of the Hall of Fame, however, is sometimes not immediately evident to the casual visitor; inextricably intertwined with all of its aging machinery and artifacts is a sense of those rural values which have pervaded the American spirit from the beginning. One can almost see the calloused hand that once guided the now rusty plow and feel the presence of that legion of faceless farmers who have defied, and continue to defy, the logic of capitalism by buying at retail and selling at wholesale.

America was built by hand! Literally. And the hand tools of the era "Before Power" give vivid testimony to man's ingenuity.

At the Agricultural Hall of Fame there's a complete blacksmithy . . .a broom factory . . . the tools of the barrel-maker's trade . . . gimlets, broaches, planes and all the woodworking tools to make everything from buggy wheels to butter moulds.

The Tools that Built America

There's also a pre-1900 dentist's office and a veterinary's laboratory . . . a rural telephone exchange . . . a harness-maker's shop . . . a country store. The world's most complete collection of barbed wire—the tool that tamed the plains—occupies just one small corner of the vast exhibit.

You'll marvel at the skills—and the ingenuity—that went into building the most efficient food production system in the world.

MUSEUM of FARMING

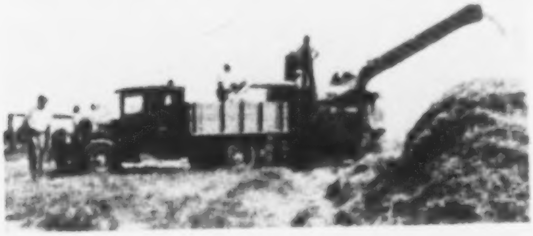
In every field and age there are leaders. But America was blessed with leaders who grasped the full importance of abundant food production.

Legend has it that Indians taught the immigrants from Europe how to plant crops in rows—and to put fertilizer into the furrow with the seed. But the blend of hearty immigrants also produced a distillation of husbandry the likes of which the world has never seen.

The People who Pointed the Way

Many of the original thinkers in American Agriculture of the past—the true innovators—are enshrined in the Hall of Fame. And their numbers are being increased systematically by the Hall's Directors so that one day all who made a significant contribution will have a Place of Honor and more than a mere footnote in history.

Whether you're a serious historian or just a country buff, you'll gain insight in America from a stroll through the Agricultural Hall of Fame.



The swing from human and animal power to mechanization got underway in earnest around the turn of the last century—and wreaked greater change in the daily lives of rural people than anything that happened up to that time.

The Museum of Farming at the Hall of Fame houses the Nation's largest and most varied collection of early farm machinery... ten times greater than the Smithsonian.

America's Greatest Collection of Agricultural Machinery

Here are thousands of engines, vehicles, machines, tools and tillers—unlike any you can see in one place anywhere else. From an exact replica of Cyrus McCormick's first reaper, a 1903 farm truck and the first tractor to a modern combine—horsepowered, steampowered, oilpowered, manpowered, electricpowered. There's even the horse drawn plow that President Harry Truman followed as a young man ...alongside one of the famous steel moldboard 'sodbusters' that opened up the prairies.

One of the most popular attractions at the Agricultural Hall of Fame is a mile-long nature trail laid out by the local chapter of the Soil Conservation Society of America. Plants and trees are identified with descriptive placards—and much indigenous wildlife is to be seen by those with sharp eyes who stroll quietly through this heavily wooded paradise.

Nature and Rural Living ...as it was, and is today

A unique Waterscope that lets you literally see down into our farm pond is unlike any other wildlife spectacle—giving you a glimpse of turtles, fish and other life underwater.

During the summer months, the Hall of Fame also hosts and sponsors numerous events—such as reunions of the famous 40-horse hitch of Belgian draft horses...old-time steam threshing bees each July and September... a gas engine club...and numerous horse shows and similar events with a "rural flavor."

You'll want to return again and again to see, participate, and watch the ever-growing program of the Agricultural Hall of Fame and National Center.

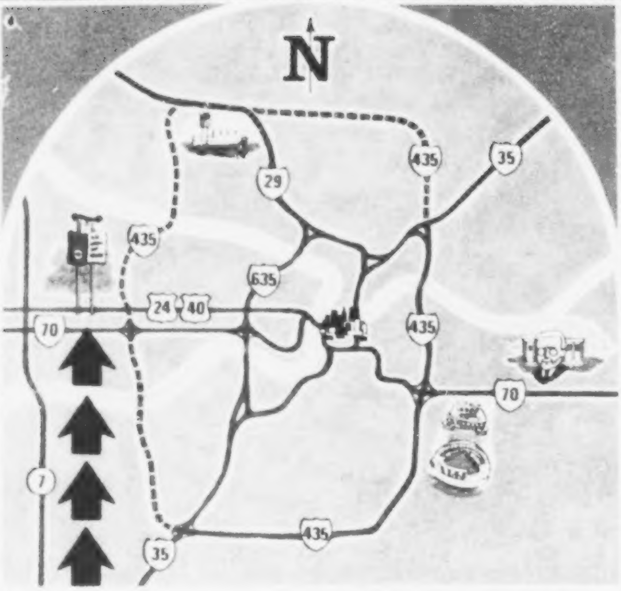
In keeping with our Congressional Charter to develop a living memorial to Agriculture and the farmers who have shown the world how to produce in abundance, a Wind Harp will be erected atop a commemorative tower planned on the grounds, to honor all who farm. Names of persons and firms who contribute to the building fund will be inscribed for recognition in perpetuity on the base of the tower and around the adjacent reflecting pool and fountains.

Memorial to Unsung Farmers who of Abundant Food

The goal is a fitting, permanent shrine to memorialize for all time the millions of farmers who have played such a vital role in the building of our modern way of life. Your participation is sincerely encouraged.

To be ready soon is an Outdoor Learning Center which will give young and old alike an opportunity to view the mysteries and splendors of agriculture in sight and simulated sound within a domed theater. In addition to providing school children an opportunity to experience nature, the Center will be open for public showings to visitors seeking greater understanding of plant and animal life as it occurs.

Long range plans for the National Center also include plans for a "living" 1900's farmstead, a country town, an Indian encampment and similar attractions of historic significance.



The Agricultural Hall of Fame is easy to drive to—whichever direction you're traveling

Located within 100 miles of the geographic center of the 48 states, the Hall of Fame is situated near the interchange of Interstate 70 and Kansas State Route 7—readily available to both east-west and north-south travelers. U.S. Highways 24, 40 and 73 also lie adjacent to the Hall's grounds. When completed, Kansas City's Interstate Highway Outer Belt, I-435, will intersect with all these routes almost within sight of the Hall's sign. Thus travelers through the Kansas City area can easily reach the Hall—from I-70, I-29, I-35, U.S. 71, U.S. 69, U.S. 169, U.S. 73, and numerous state routes.

OPEN SEVEN DAYS A WEEK—9 A.M.-5 P.M.
Special events almost every summer weekend.

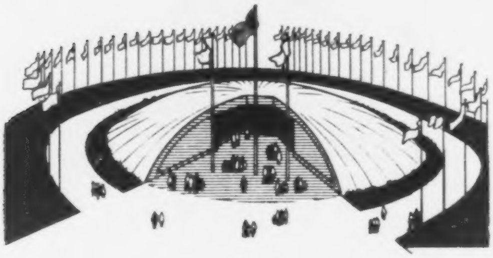
Post Office Address:

AGRICULTURAL HALL OF FAME
AND NATIONAL CENTER
630 North 126th Street
Bonner Springs, Kansas 66012
Area Code 913/721-1075

NOTE: Special events, like farming, are affected by weather. If in doubt, call before making a long trip.

FREE MAPS TAKE ONE

Kansas-Missouri Information



Courtesy of

AGRICULTURAL HALL OF FAME

MUSEUM OF FARMING

NATIONAL FARMERS MEMORIAL

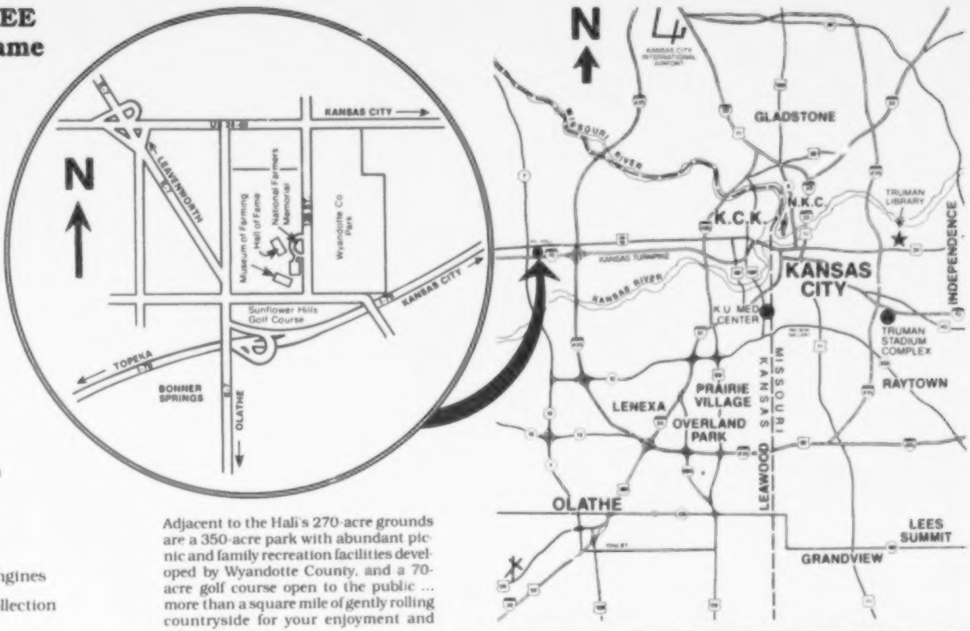
15 mi. West of Kansas City
on Interstate 70
at Bonner Springs, Kansas

Open Seven Days a Week — April 1 to Dec. 1
Monday-Saturday — 9 a.m. to 5 p.m.
Sundays — 1 to 5 p.m.
(We often open earlier on special events Sundays.)

THINGS YOU'LL SEE at the *Ag* Hall of Fame

- 1857 Chisholm trail saddle
- 1-room schoolhouse, complete
- First farm truck — 1903 Dart
- 1831 McCormick reaper replica
- A trip to grandmother's house
- Old country town
- Harry S. Truman's plow
- Antique dolls and toys
- $100,000 barbed wire collection
- Original sodbuster plow
- 1781 Indian plow
- Mile-long nature trail
- 1866 Wooden sausage grinder
- Hoops from 1827 covered wagon
- 1912 portable Victor engine
- Kerosene, gas, steam tractors of 1916-20 era
- Threshing machines & steam engines
- Churn and washing machine collection
- Antique cars and trucks
- Two-man corn planter
- Motorized cultivator
- 1930's dam machine
- Harness maker's shop

For **FREE,** 64-Color-Picture Book, send stamped, self-addressed LONG envelope to:
AGRICULTURAL HALL OF FAME
Bonner Springs, Kansas 66012
CALL for rainouts, special events, etc.
913/721-1075


N
KANSAS CITY
LEAVENWORTH
Museum of Farming
Hall of Fame
National Farmers Memorial
Wyandotte Co Park
Sunflower Hills Golf Course
KANSAS CITY
TOPEKA
BONNER SPRINGS
OLATHE
N
KANSAS CITY INTERNATIONAL AIRPORT
GLADSTONE
MISSOURI RIVER
K.C.K.
N.K.C.
TRUMAN LIBRARY
INDEPENDENCE
KANSAS TURNPIKE
KANSAS RIVER
KANSAS CITY
K U MED CENTER
TRUMAN STADIUM COMPLEX
MISSOURI
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PRAIRIE VILLAGE
OVERLAND PARK
LEAWOOD
OLATHE
LEES SUMMIT
GRANDVIEW

Adjacent to the Hall's 270-acre grounds are a 350-acre park with abundant picnic and family recreation facilities developed by Wyandotte County, and a 70-acre golf course open to the public ... more than a square mile of gently rolling countryside for your enjoyment and relaxation.

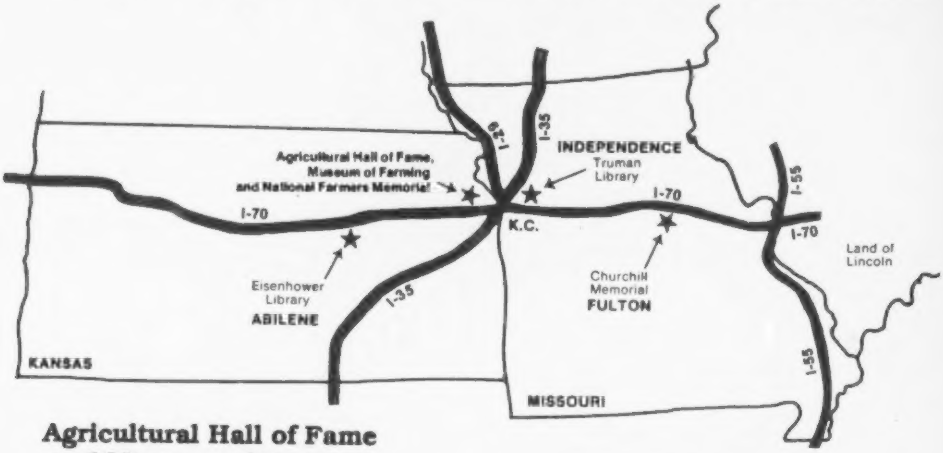
- Wheelwright shop
- Ice harvesting tools
- Saw mill
- Blacksmith shop
- 40-horse hitch miniature
- Miniature railroad (open Fall '81)
- FREE MOVIE on History of Farming, shown on request

How the Hall of Fame Was Established

The Agricultural Hall of Fame and National Center is a perpetual, Federally-Chartered, non-profit, educational institution, dedicated as the official living memorial to our nation's largest, most vital industry — Agriculture.

The Hall's exclusive Charter was granted by legislation enacted by the U.S. Senate and House of Representatives of the 86th Congress, Aug. 31, 1960. Although granted official status and exclusivity by this Charter, the Hall receives no financial support from the federal government. The beautiful complex and 270-acre grounds have been acquired, built and are supported solely by private contributions of farmers, ranchers, businesses and individuals, and by the modest admission fees of visitors. It truly belongs to the People of America.

FOUR 'MUST' STOPS in KANSAS & MISSOURI



Agricultural Hall of Fame and Museum of Farming

Nowhere else in America can you see and touch so many priceless relics of America's agricultural past. More than 5,000 items are on display (a bigger agricultural display than the Smithsonian's in Washington, D.C.) — ranging from rustic toys and tools from colonial days to the huge steam engines that belched smoke and sparks to thresh grain for our grandfathers. Hundreds more items are in storage, awaiting construction of future display space.

But the Hall is far more than a great museum. It is a shrine to the millions of farm and rural people who built the world's greatest food producing industry — a place of honor for familiar names of history: Thomas Jefferson ... George Washington Carver ... Eli Whitney and others. These are the Americans who laid the foundations for a system of farming that has made America the most abundantly fed nation of all time.

It is a place every member of your family will enjoy for hours ... with displays that will bring thoughtful smiles to grandparents, gleeful shrieks to youngsters of all ages. It is a treasure of inestimable value, a look at the past and a glimpse of the future. But most of all, a great institution unlike any other.

EISENHOWER LIBRARY & MUSEUM

No journey through Kansas is complete without a visit to the small frame house in Abilene where the Eisenhower boys laid the foundations of greatness — next door to the fabulous Eisenhower Library and Museum. In addition to the final resting place of Ike and Mamie in the quaint chapel, you can view one of the great collections of presidential memorabilia and historical documents. It's just minutes off I-70, in historic Abilene. Open 9 a.m. to 5 p.m., seven days a week.

TRUMAN LIBRARY AND MUSEUM

You can almost feel the heritage of one of America's best-loved modern presidents at the Truman Library, its adjoining museum ... and the lovely old Victorian Truman homestead a few blocks away, in Independence, Missouri.

Here, on the eastern edge of Kansas City (across town from the Ag Hall), you get a warm feeling for the little man from Middle America who walked with giants in the capitals of the world. In terms of presidential memorabilia and educational displays, the Truman Library stands as one of a kind, unique in the nation. Open 9 a.m. to 5 p.m., seven days a week.

CHURCHILL MEMORIAL AND LIBRARY

The Iron Curtain was "invented" in Fulton, Missouri — when Sir Winston Churchill first used the term in a ringing clarion call to the Free World from the campus of Westminster College in 1946. On the campus today the brilliant World War II leader of Great Britain is memorialized in a reconstructed 17th Century English church laid low by Hitler's bombs — the beautiful St. Mary Aldermanbury by renowned architect Christopher Wren. Many Churchill artifacts and documents. Open Mon.-Fri., 9-12 a.m., 1-4 p.m.; Sat.-Sun., 9 a.m. - 4 p.m.

NATIONAL FARMERS MEMORIAL

The first national memorial outside Washington, D.C., and only one dedicated to our food producers, is on the Hall of Fame grounds. It honors all American farmers with three massive, 11' x 11', high-relief bronze panels forming a 33' mural in the face of a masonry covered mound symbolizing the Earth. Open free to the public every day.

Public Law 86-680
86th Congress, H. R. 5789
August 31, 1960

AN ACT

To incorporate the Agricultural Hall of Fame.

Agricultural Hall of Fame. Incorporation.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following persons: K. S. Adams, Bartlesville, Oklahoma; Evelyn H. Alden, Wellsville, Kansas; Ray N. Ammon, Saint Joseph, Missouri; Clinton P. Anderson, Albuquerque, New Mexico; Charles Baker, Walla Walla, Washington; L. Y. Ballentine, Raleigh, North Carolina; Harry J. Beernink, Seattle, Washington; Charles Dana Bennett, Washington, District of Columbia; Ezra Taft Benson, Washington, District of Columbia; Charles F. Brannan, Denver, Colorado; D. W. Brooks, Atlanta, Georgia; John T. Brown, Racine, Wisconsin; John K. Budd, Saint Paul, Minnesota; George S. Bulkley, Los Angeles, California; Lee M. Burge, Reno, Nevada; Frank Carlson, Concordia, Kansas; Edward D. Carpenter, Cassville, Wisconsin; Richard O. Comfort, New York, New York; Harold D. Cooley, Nashville, North Carolina; Howard A. Cowden, Kansas City, Missouri; Lester Cox, Springfield, Missouri;

Harry Darby, Kansas City, Kansas; A. F. Davis, Cleveland, Ohio; Chester Davis, San Marino, California; Clark W. Davis, Wilmington, Delaware; Gladys L. Dawes, Colby, Kansas; D. Howard Doane, McCredie, Missouri; Cyrus Eaton, Cleveland, Ohio; Clyde T. Ellis, Washington, District of Columbia; Victor Emanuel, New York, New York; Sterling Evans, Houston, Texas; E. H. Fallon, Ithaca, New York; James C. Farmer, Keene, New Hampshire; John D. Fehsenfeld, Troy, Missouri; Willard M. Fifield, Gainesville, Florida; Charles Figy, Washington, District of Columbia; Nolen J. Fuqua, Duncan, Oklahoma; Paul Gray, Washington, District of Columbia; F. V. Heinkel, Columbia, Missouri; Roy F. Hendrickson, Washington, District of Columbia; W. L. Henning, Harrisburg, Pennsylvania; Icie D. Hiatt, Bethany, Missouri; Merritt D. Hill, Birmingham, Michigan; William S. Hill, Fort Collins, Colorado; Harold Hogue, Dalhart, Texas; Clifford R. Hope, Garden City, Kansas; Chester C. Housh, Elkton, Virginia; Edgar Hovey, Badger, Iowa; Frank W. Hussey, Presque Isle, Maine; James R. Isleib, Prairie Village, Kansas;

74 STAT. 572.

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74 STAT. 573.

Lyman E. Jackson, University Park, Pennsylvania; Dorsey Kirk, Oblong, Illinois; Alf M. Landon, Topeka, Kansas; J. D. Lawrence, Columbia, South Carolina; L. G. Ligutti, Des Moines, Iowa; J. H. Longwell, Columbia, Missouri; Charles Marshall, Lincoln, Nebraska; James McGuire, Topeka, Kansas; Wheeler McMillen, Philadelphia, Pennsylvania; George S. McIntyre, Lansing, Michigan; Bob Miller, Cincinnati, Ohio; E. W. Mueller, Chicago, Illinois; Carl F. Newman, Chicago, Illinois; Herschel D. Newsom, Washington, District of Columbia; E. M. Norton, Washington, District of Columbia; James G. Patton, Denver, Colorado; J. C. Penney, New York, New York; Clarence Poe, Raleigh, North Carolina; J. Stuart Russell, Des Moines, Iowa; Ruth Buxton Sayre, Ackworth, Iowa; Paul F. Sharp, Berkeley, California; Frank M. Shay, San Jose, California; Charles B. Shuman, Chicago, Illinois; Virginia Smith, Chappell, Nebraska; W. T. Spanton, Washington, District of Columbia; J. K. Stern, Washington, District of Columbia; Paul Swaffar, Kansas City, Missouri; Ben Swigart, Mooreland, Oklahoma;

Jesse W. Tapp, Los Angeles, California; Ray Teagarden, La Cygne, Kansas; M. W. Thatcher, St. Paul, Minnesota; R. B. Tootell, Washington, District of Columbia; Harry S. Truman, Independence, Missouri; Rod Turnbull, Kansas City, Missouri; Herbert W. Voorhees, Trenton, New Jersey; Jerry Voorhis, Chicago, Illinois; Orville F. Walker, Kalkaska, Michigan; James Wall, Waverly, Nebraska; Henry A. Wallace, South Salem, New York; Claude R. Wickard, Camden, Indiana; Oliver S. Willham, Stillwater, Oklahoma; D. A. Williams, St. Paul, Minnesota; Robert E. Wood, Chicago, Illinois; Obed Wyum, Rutland, North Dakota; O. E. Zacharias, Junior, Richmond, Virginia; and their associates and successors, are hereby created and declared to be a body corporate by the name of the Agricultural Hall of Fame (hereinafter referred to as the "corporation") and by such name shall be known and have perpetual succession and the powers, limitations and restrictions herein contained.

COMPLETION OF ORGANIZATION

SEC. 2. A majority of the persons named in the first section of this Act are authorized to complete the organization of the corporation by the selection of officers and employees, the adoption of bylaws, not inconsistent with this Act, and the doing of such other acts as may be necessary for such purpose.

PURPOSES OF THE CORPORATION

SEC. 3. The purposes of the corporation shall be:

(A) To receive and maintain a fund or funds, and to use and apply the whole or any part of the income therefrom, and the principal thereof, exclusively for charitable, scientific, literary, or educational purposes either directly or by contributions to organizations duly authorized to carry on similar activities: *Provided, however*, That no part of such income or principal shall be contributed to any organization whose net earnings or any part thereof inure to the benefit of any private shareholder or individual, or any substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation. The detailed purposes hereinafter set forth shall at all times be subject to and in furtherance of the provisions contained in this paragraph. STAT. 573.

STAT. 574. (B) To honor farmers, farm women, farm leaders, teachers, scientists, inventors, governmental leaders and other individuals who have helped make this Nation great by their outstanding contributions to the establishment, development, advancement or improvement of agriculture in the United States of America.

(C) To perpetuate the memory of such persons and record their contributions and achievements by the erection and maintenance of such buildings, monuments, and edifices as may be deemed appropriate as a lasting memorial.

(D) To foster, promote, and encourage a greater sense of appreciation of the dignity and importance of agriculture, historically carried out through owner-operated farms, and the part it has played in developing those social, economic, and spiritual values which are essential in maintaining the free and democratic institutions of our Republic.

(E) To establish and maintain a library and museum for the collection and preservation for posterity of agricultural tools, implements, machines, vehicles, pictures, paintings, books, papers, documents, data, relics, mementos, artifacts, and other items and things relating to agriculture.

(F) To cooperate with other organizations which are interested in similar projects.

(G) To engage in any and all activities incidental thereto or necessary, suitable, or proper for the accomplishment of any of the aforementioned purposes.

CORPORATE POWERS

SEC. 4. The corporation shall have power—

(1) to have succession by its corporate name;

(2) to sue and be sued, complain and defend in any court of competent jurisdiction;

(3) to adopt, use, and alter a corporate seal;

(4) to choose such officers, managers, agents, and employees as the business of the corporation may require;

(5) to adopt, amend, and alter bylaws, not inconsistent with the laws of the United States or any State in which the corporation is to operate, for the management of its property and the regulation of its affairs;

(6) to contract and be contracted with;

(7) to take by lease, gift, purchase, grant, devise, or bequest from any private corporation, association, partnership, firm, or individual and to hold any property, real, personal, or mixed, necessary or convenient for attaining the objects and carrying into effect the purposes of the corporation, subject, however, to applicable provisions of law of any State (A) governing the amount or kind of property which may be held by, or (B) otherwise limiting or controlling the ownership of property by, a corporation operating in such State;

(8) to transfer, convey, lease, sublease, encumber and otherwise alienate real, personal or mixed property; and

(9) to borrow money for the purposes of the corporation, issue bonds therefor, and secure the same by mortgage, deed of trust, pledge or otherwise, subject in every case to all applicable provisions of Federal and State laws.

PRINCIPAL OFFICE; SCOPE OF ACTIVITIES; DISTRICT OF COLUMBIA AGENT

SEC. 5. (a) The principal office of the corporation shall be located in Kansas City, Kansas, or in such other place as may be later determined by the board of governors, but the activities of the corporation shall not be confined to that place, but may be conducted throughout the various States, Territories and possessions of the United States.

74 STAT. 574.
74 STAT. 575.

(b) The corporation shall have in the District of Columbia at all times a designated agent authorized to accept service of process for the corporation; and notice to or service upon such agent shall be deemed notice to or service upon the corporation.

MEMBERSHIP; VOTING RIGHTS

SEC. 6. (a) Eligibility for membership in the corporation and the rights, privileges and designation of classes of members shall, except as provided in this Act, be determined as the bylaws of the corporation may provide.

(b) Each member of the corporation given voting rights by the bylaws shall have the right to one vote on each matter submitted to a vote at all meetings of the voting members of the corporation, which vote may be cast in such manner as the bylaws may prescribe.

BOARD OF GOVERNORS: COMPOSITION, RESPONSIBILITIES

SEC. 7. (a) Upon the enactment of this Act the membership of the initial board of governors of the corporation shall consist of the persons named in the first section of this Act, their survivors and such additional persons, if any, as shall be named by them.

(b) Thereafter, the board of governors of the corporation shall consist of such number (not less than fifteen), shall be selected in such manner (including the filling of vacancies), and shall serve for such term as may be provided in the bylaws of the corporation.

(c) The board of governors shall be the governing body of the corporation and, during the intervals between the meetings of members, shall be responsible for the general policies and program of the corporation and for the control of all funds of the corporation. The board of governors may appoint committees which shall have and exercise such powers as may be prescribed in the bylaws or by resolution of the board of governors, and which may be all of the powers of the board of governors.

OFFICERS; ELECTION AND DUTIES OF OFFICERS

SEC. 8. (a) The officers of the corporation shall be a president, one or more vice presidents (as may be prescribed in the bylaws of the corporation), a secretary, a treasurer, one or more assistant secretaries and assistant treasurers, and such other officers as may be provided in the bylaws.

(b) The officers of the corporation shall be elected in such manner and for such terms and with such duties as may be prescribed in the bylaws of the corporation.

USE OF INCOME; LOANS TO OFFICERS, GOVERNORS OR EMPLOYEES

SEC. 9. (a) No part of the income or assets of the corporation shall inure to any of its members, governors, or officers as such, or be distributable to any of them during the life of the corporation or upon its dissolution or final liquidation. Nothing in this subsection, however, shall be construed to prevent the payment of compensation to officers and employees of the corporation in amounts approved by the board of governors of the corporation. STAT. 575.

STAT. 576. (b) The corporation shall not make loans to its members, governors, officers, or employees. Any governor who votes for or assents to the making of a loan or advance to a member, officer, governor or employee of the corporation, and any officer who participates in the making of such a loan or advance, shall be jointly and severally liable to the corporation for the amount of such loan until the repayment thereof.

NONPOLITICAL NATURE OF CORPORATION

SEC. 10. The corporation and its members, governors, officers, and employees as such shall not contribute to or otherwise support or assist any political party or candidate for public office.

LIABILITY FOR ACTS OF OFFICERS AND AGENTS

SEC. 11. The corporation shall be liable for the acts of its officers and agents when acting within the scope of their authority.

PROHIBITION AGAINST ISSUANCE OF STOCK OR PAYMENT OF DIVIDENDS

SEC. 12. The corporation shall have no power to issue any shares of stock or to declare or pay any dividends.

BOOKS AND RECORDS; INSPECTION

SEC. 13. The corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, board of governors, and committees having any of the authority of the board of governors; and it shall also keep at its principal office a record of the names and addresses of its members entitled to vote. All books and records of the corporation may be inspected by any member entitled to vote, or his agent or attorney, for any proper purpose, at any reasonable time.

AUDIT OF FINANCIAL TRANSACTIONS

SEC. 14. (a) Annual audits shall be made by an independent licensed or certified public accountant or a firm of independent licensed or certified public accountants, in accordance with generally accepted auditing standards. The audit shall be conducted at the place or places where the accounts of the corporation are normally kept. All books, accounts, financial records, reports, files, and all other papers, things or property belonging to or in use by the corporation and necessary to facilitate the audit shall be made available to the person or persons conducting the audit; and full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians shall be afforded to such person or persons.

Report to Congress.

(b) A report of such audit shall be made by the corporation to the Congress not later than March 1 of each year. The report shall set forth the scope of the audit and shall include a verification by the person or persons conducting the audit of statements of (1) assets and liabilities, (2) capital and surplus or deficit, (3) surplus or deficit analysis, (4) income and expense, and (5) sources and application of funds. Such report shall not be printed as a public document.

74 STAT. 576.
74 STAT. 577.

USE OF ASSETS ON DISSOLUTION OR LIQUIDATION

SEC. 15. Upon dissolution or final liquidation of the corporation, after discharge or satisfaction of all outstanding obligations and liabilities, the remaining assets, if any, of the corporation shall be distributed in accordance with the determination of the board of governors of the corporation and in compliance with the charter and bylaws of the corporation and all Federal and State laws applicable thereto.

DURATION OF CORPORATION

SEC. 16. The duration of the corporation shall be perpetual.

ACQUISITION OF ASSETS AND LIABILITIES OF EXISTING CORPORATION

SEC. 17. The corporation may acquire the assets of the Agricultural Hall of Fame, a general not-for-profit corporation organized under the laws of the State of Missouri, upon discharging or satisfactorily providing for the payment and discharge of all of the liabilities of such corporation.

RESERVATION OF RIGHT TO AMEND OR REPEAL CHARTER

SEC. 18. The right to alter, amend, or repeal this Act is expressly reserved.

Approved August 31, 1960.

The Honorable Ike Skelton
United States House of Representatives

Committee on Small Business
Chairman, Subcommittee on Exports,
and Special Problems
Lexington, MO

Testimony by:

Glenn D. Weaver
State Extension Specialist
Department of Parks, Recreation and Tourism
University of Missouri-Columbia
Columbia, MO

Friday, March 11, 1988

Mr. Chairman, Committee Members, Ladies and Gentleman

My comments today will be limited to the issues of the adequacy of local, state and federal governments to cooperatively promote tourism as an economic development strategy and my assessment to the needs at the local level to make tourism a part of a community's economic development plan.

First, let me say the University of Missouri plays an important role in economic development. We are fortunate to have produced Tourism USA: Guidelines for Tourism Development, a publication that is used in every state in the nation and several foreign countries. Through the Extension program at the university, I work with community leaders, tourism organizations and businesses in an effort to enhance economic development through tourism. My comments are derived from the research and experience I have in working in this capacity.

The travel/tourism industry is a vital force in today's society, both socially and economically. Socially, travel is supported for its educational, recreational and personal growth and development values. Economically, travel creates jobs, tax revenues and provides diversification of the economic base. The visibility a community gains through tourist activities accounts for many of the new businesses and relocations of retirement families into that community.

Since the industry is made of small businesses, most with severely limited budgets, very little, if any, resources are directed toward research and development or organizational leadership at the local level. The few organizations that exist are severely under-funded and under-representative of the various segments of the industry.

The attractions and services provided are often attributed to industries related to the functional characteristic of the product rather than the market they serve. Examples include: food and beverage, lodging and entertainment, etc.

Misunderstanding and lack of support results from inconsistency of definitions related to tourism. Many external forces impose restrictions on the tourism industry that are not imposed on other industries. Example: the travel/tourism industry is expected to restrict the industry by motivation or purpose of trip, length of stay and distance away from home. No other industry has this type of restriction.

The industry is further hampered by the lack of organizational support and leadership at various levels of government. At the national level, United States Travel and Tourism Administration is limited in the scope of services they can provide for domestic tourism. They have done an outstanding job with their responsibilities, yet their budget is constantly threatened. They need more money and should be given more responsibility for domestic tourism.

At the state level, almost all of the efforts and resources are used to promote and market tourism to the respective states. Each state office of tourism needs an educational component to assist communities with planning and developing.

At the local level, most tourism development and marketing is handled by a volunteer committee in the Chamber of Commerce.

The tourism industry has never enjoyed the leadership and organizational support that other industries have had in society. Yet the tourism industry generates revenues, jobs and taxes greater than some of the industries that have greater support.

How a community or area benefits from tourism or how they develop their potential is directly related to the quality of planning and leadership devoted to their tourism development and marketing efforts.

In summary, I believe their are four categories of needs the tourism industry must address if rural America is to realize their economic potential of tourism:

RESEARCH:

Information has to be collected and discriminated that accurately describes the tourism industry and it's economic impact. This information will help with management, marketing and investment decisions.

EDUCATION:

Education is needed for community leaders, entry level businesses and the general public. Education is needed to identify markets, design recreational experiences and manage recreation related businesses.

STRATEGIC PLANNING:

Each community has a potential to benefit from tourism. This potential can only be met when an appropriate plan has been developed and implemented.

LEADERSHIP DEVELOPMENT:

The ultimate success of a tourism industry is tied to local leadership. Without effective leadership, adjustments are not made in the industry, coordination of efforts are lost, personnel are not trained and conflicts of interest result.

Unfortunately, no organization exists in any of the states that have primary responsibility for these needs. At the local level, most of the funds and human resources are used to produce the marketing and promotion materials.

Let me briefly comment on the bill (H.R. 2357) to establish a non-profit, federally chartered "Tour USA Promotion Corporation."

Certainly additional efforts and resources need to be provided to promote the United States as a destination. The United States Travel and Tourism Administration has done an outstanding job with limited resources and restrictions in the scope of services in promoting domestic tourism.

I support the concept of this bill because it will expand the mission of the United States Travel and Tourism Administration without conflict or duplications of effort. It will also add flexibility in the manner in which businesses can be conducted, as well as increase the resources available to implement programs to enhance the tourism industry.

WESTON DEVELOPMENT COMPANY • 521 MAIN STREET • HISTORIC WESTON, MISSOURI 64098 • (816) 386-2909

March 6, 1988

The Honorable Ike Skelton
1700 West 40 Highway
Blue Springs, MO 64015

Dear Representative Skelton,

The City of Weston, the Weston Development Company and the citizens of Weston appreciate the opportunity to present our thoughts concerning tourism in rural communities.

A synopsis of our situation is necessary to express the importance we attribute to tourism.

With the proliferation of shopping centers in the 1960s and 1970s, many businesses in Weston closed their doors. They were not able to purchase goods as cheaply as shopping center stores could sell the same goods. By September, 1982, 14 of the 42 buildings in downtown Weston were empty. The Weston Planning and Zoning Commission contacted Mid America Regional Council for assistance. A complete analysis of the situation in Weston was done by members of the Weston Planning and Zoning commission with the direction of MARC. The 18 month study determined the following:

1. A small downtown could not compete pricewise with shopping centers.
2. Products sold must be consumable, e.g. gas, food, prescription drugs, etc.
3. People are not going to just drive by, because downtown Weston is on a dead-end highway.
4. Services will work, e.g. doctors, dentists, insurance agents, attorneys, banks.
5. Merchandise must either be unique or be presented in an unique fashion.

A decision was made to capitalize on the historic character of the town and area. We are fortunate to have McCormick Distillery, the nation's oldest and smallest continually active distillery; the Weston Burley tobacco auction , the only tobacco auction west of the Mississippi; two orchards; a winery; and one of the first historic districts entered on the National Register of Historic Places. The Weston Historic District was entered on the National Register in August, 1972. In that historic district is one of the highest concentrations of historic structures in the US. Of the 200 structures in the district, 119 have historic significance.

A 10 point plan was adopted, which, if executed properly, would revitalize the downtown business district. An outline of the plan follows:

1. Form a not-for-profit group to promote Weston as a place to shop and have a business. The Weston Development Company was formed in April, 1982. McCormick Distilling Company awarded the WDC a $10,000 grant to market Weston.

2. Define ways to assist property owners with facade restoration assistance.

    a. Applied for and received a Department of Natural Resources Historic Preservation Grant. The $15,000 project did two things: Gave credit for donated work from Charles Bless for his tireless research of the ownership and business use of buildings in downtown Weston from the 1840s on. Hired Solomon, Claybaugh and Young, an architectural firm, to do a facade study of the two block downtown district. The architect used the Secretary of the Interior's guidelines for historic rehab.

3. Define ways to assist property owners with financial assistance in rehabbing their buildings.

    a. The Bank of Weston set up a facade loan program that furnished unlimited funds at 0% interest for half the cost of rehabbing any facade in the downtown district.

b. Applied for the Neighborhood Assistance Act. Property owners received a 50% state income tax credit for work done on the facade of their buildings or any interior code improvements. This direct property improvement portion of the NAP expired December 31, 1987.

4. Provide courses for business owners. Have worked with the University of Missouri Extension Service which has held seminars in Weston on record keeping, marketing, promoting and customer relations. These sessions are held from 5:30 to 7:30 p.m. on four consecutive Tuesdays.

5. Develop a minimum design ordinance using the facade study and other ordinances. The Historic Building Ordinance was enacted by the Weston Board of Alderman in November, 1983. A permit is required for work done on any facade in the downtown historic district. Adherence to the facade study recommendations and to the Secretary of the Interior's guidelines are prerequisites for a permit.

6. Create events that will attract visitors to Weston. Each event is to have its own budget. The following events are now scheduled for 1988:

   Antique Show
   Flea Market
   Kids Day
   4th of July Celebration
   Town Ice Cream Social
   Crafts Fair
   Lost Arts Festival
   Model Railroad Show and Sale
   Candlelight Christmas Homes Tour

7. Coordinate with area attractions and organizations. The area organizations that Weston has constant contact with are:

   Platte City Chamber of Commerce
   Platte County Historical Society
   Platte County Business & Professional Association

Clay County Tourist Council
Convention and Visitors Bureau of Greater Kansas City
Weston Historical Museum
McCormick Distilling Company
Ft. Leavenworth Command and General Staff College and related Fort clubs and organizations

8. Identify and estimate the cost of needed public improvements:

   Streets
   Lights
   Parking
   Pedestrian improvements

9. Encourage the City to upgrade and maintain public facilities in a manner that is visually pleasing. The City, with the assistance of the WDC, applied for and received a Community Development Block Grant to re-pave Main Street, replace the existing street lights and create a 114 place parking lot at the end of Main Street. The downtown property owners had to commit to spend twice the grant amount on their buildings and the City had to match the grant amount. Over $300,000 has been spent by businesses and property owners on their buildings and equipment enabling the City to receive the grant. The project should be completed by June, 1988.

10. Involve as many people as possible in the revitalization. We are fortunate that the WDC has 96 members, of which 60% are nonmerchants.

The statistics are very impressive:

From September, 1982, to December, 1987, the following have transpired:

44 new businesses have opened. (There were 26 businesses in downtown Weston. 17 have closed leaving a net increase of 27, or a 101% increase.)
27 facades out of 42 have been completely rehabbed
17 complete buildings have been rehabbed
22 full time and 25 part-time jobs have been created

Property owners have spent in excess of $300,000 on their buildings so that the City could receive a CDBG.
(These statistics do not count the 200 part-time jobs that have been created by Snow Creek, Inc., a new ski area that opened January 1, 1987, just 4 1/2 miles north of Weston)

Weston is proud of the its accomplishments of the last five years. Planning sessions are now in progress for the next five years. Tourism was needed to revitalize the downtown. It is anticipated that tourism will generate an integral part of the income in the future. With a solid business base now established, we will begin to focus on goods and services for the local residents along with visitor related interests.

We are aware of several programs available both through the Department of Tourism and the Department of Community and Economic Development of the State of Missouri; however, we are confident that there are other programs with which we are not familiar, especially on the federal level.

I look forward to visiting with your committee on the 11th.

Sincerely,

Jeff Elsea

Jeff L. Elsea
Advisory Director

COMMENTS AND TESTIMONY
SUBMITTED TO
THE HONORABLE IKE SKELTON, CHAIRMAN
UNITED STATES HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON EXPORTS, TOURISM AND SPECIAL PROGRAMS
SUBMITTED BY
RICHARD A. GRIFFIN, DIRECTOR OF TOURISM
CONVENTION AND VISITORS BUREAU OF GREATER KANSAS CITY

Economic Importance of Tourism

The Convention and Visitors Bureau of Greater Kansas City is a non-profit corporation that is charged with the responsibility of attracting visitors, conventioneers and business travel to the Greater Kansas City area.

We are a membership organization, funded by a portion of the hotel room tax in the Kansas City area and membership dues. Our overall 1987/88 budget is $2.1 million and we were incorporated in 1966.

Tourism has a very high economic profile in Kansas City, generating more than $1 billion in annual revenue, providing $52 million in state and local taxes, employing more than 32,000 people and generating an annual payroll in excess of $297 million. These are 1980 figures, which are the latest figures we have on hand and only include Clay, Platte and Jackson Counties. (see enclosed exhibit I)

Economic Impact of Tourism on Greater Kansas City*

	TVL. EXP.	TVL. GEN. PAYROLL	EMP.	STATE	LOCAL
Clay County	$128,232	$ 30,021	3,315	$ 3,603	$ 1,404
Jackson County	$647,608	$127,867	20,334	$24,328	$10,383
Platte County	$595,136	$139,419	9,143	$8,743	$5,162

Total Travel Expenditures	$1,370,976,000
Travel Generated Payroll	297,307,000
State Tax Receipts	36,674,000
Local Tax Receipts	16,949,000
Travel Generated Employment	32,792

TOURISM AND SMALL BUSINESS

MONDAY, MARCH 21, 1988

House of Representatives,
Subcommittee on Exports, Tourism,
and Special Projects,
Committee on Small Business,
Salem, MA.

The subcommittee met, pursuant to notice, at 10 a.m., Peabody Museum, Essex Street, Salem, MA, Hon. Ike Skelton (chairman of the subcommittee) presiding.

Present: Chairman Skelton and Representative Mavroules.

Chairman **Skelton**. Ladies and gentlemen, my name is Ike Skelton. I am a Member of Congress from the State of Missouri.

It is my pleasure to be with you today along with my great friend and colleague, Nick Mavroules from your State and your district.

This is a subcommittee of the Small Business Committee. Our jurisdiction deals with that of tourism, which, of course, is the purpose of this hearing.

We are here at the request of your Congressman, Congressman Nick Mavroules, who is also a member of the Small Business Committee. Nick has been a long time friend of mine, since we have been in Congress together. We work not only on the Small Business Committee, but we work closely, as well, on the Armed Services Committee.

Nick is a very effective Member of Congress, one who looks after the people in his district. We are here because of his keen interest, his long-range plans, and foresight for this area as it relates to tourism.

Nick is a great advocate for you, truly a great American, and I am pleased to be here with him.

I have an opening statement, which I would, without objection, put in the record in the effort to save some time this morning.

I welcome all of you on behalf of the Small Business Committee of the United States House of Representatives, and I now recognize your Congressman, Mr. Mavroules.

[Mr. Skelton's statement may be found in the appendix.]

Mr. **Mavroules**. Ike, thank you very much for your kind remarks, and let me express to you my appreciation for your coming to my district. I am sure I am speaking on behalf of all my colleagues and those who are present here this morning.

Ike has been a dear friend of mine for going on 10 years now. We have worked very closely on small business matters which are very vital, I believe, to the economic stability of our country and very,

very importantly, to the national security of our country, working in the Armed Services Committee together for 10 years.

I must tell you a little story, however. I was in Ike's district about 10 days ago, and they taught me all about the Battle of Lexington, MO, and I saw a cannon up on the hillside, and I said to Ike, I asked him, "Ike, where'd you get that cannon?" He said, "Well, that came out of the U.S.S. *Constitution* and we brought it here to Missouri." I said, "Well, it doesn't belong here. I think you came and took it away from us and you shouldn't have it here in Missouri." He said, "Well, it's going to stay here."

So, at his hearing, I notified all the people from Missouri, Mr. Skelton, that you had better put a 24-hour guard on that cannon because I am coming back in the dark of night and taking it back to Massachusetts.

What you do not know, Mr. Skelton, is that when you arrived yesterday by airplane, we had dispatched a group to bring that cannon back here. So, if you are missing a cannon, Ike, we will replace it with something else.

I, too, have a very extended statement, Mr. Chairman. I would ask that it be included in the record, and I am looking forward to the testimony of those who are here this morning.

Let me thank Peter Fetchko for his generosity in making it very possible to have the hearing in this beautiful, beautiful location. Let me thank all of those who will be testifying this morning at what I consider a very, very important hearing. For the future of our district hopefully, we can put together once and for all the so-called Heritage Park that I envision as the future of our district, which will be great.

So, Ike, with that, let me thank you very, very much for being here. I, along with you, look forward to the testimony that will take place here this morning.

[Mr. Mavroules' statement may be found in the appendix.]

Chairman SKELTON. Yesterday evening, your Congressman and I discussed the challenge of tourism, and we were talking about what makes America what it is today. Of course, it is the people who pursued this.

The people who were here before us were strong people as evidenced by what we see in this museum and what we see in your community of Salem. They made us economically strong in a time when our country—that was the early economic strength that we had, and they made us strong internationally by the trades that they carried on from here to the obvious end of the world.

It is not just having people come here to see Salem, MA, or Lexington, MO, or other parts of interest that have caused us to form into the country that we have been, but in the process, we hope that those who come will have a greater appreciation and understanding of the American heritage as to what makes them what they are and what makes our country as great as it is.

It is because of our history that our country is as great as it is and we would like to let the people have their roots set a little bit deeper. As a result of my visit here in Salem, I know my roots will be deeper, and I hope that many other Americans in the future, as a result of Congressman Mavroules' plans, will also have similar opportunities. I wish Congressman Mavroules well, and I hope I can be of assistance to him.

We have, this morning, witnesses on panels. Panel number 1 is composed of Eric Peterson, the Deputy Under Secretary of the United States Department of Commerce, who is with the United States Travel and Tourism Administration; Dick Rust, travel director, Office of Travel and Tourism, in the Commonwealth of Massachusetts; Roger Saunders, chairman of the Saunders Hotel Company, secretary treasurer of American Hotel and Motel Association; Michael Ruane, State representative of the State of Massachusetts; Frederick Berry, State senator from the State of Massachusetts; James Amsler, who is the president of Salem College.

I welcome all of you and look forward to your testimony. In the interest of time, so that Congressman Mavroules and I will have the opportunity to ask questions, please be kind enough to submit your written statement for the record. It will be put in the record in its entirety, and if you could summarize your comments in five minutes, or thereabouts, it would be very helpful to us.

So, without objection, we will enter all of the statements in the record in total, and begin with the comments of Mr. Peterson.

TESTIMONY OF ERIC C. PETERSON, DEPUTY UNDER SECRETARY, UNITED STATES TRAVEL AND TOURISM ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE

Mr. PETERSON. Thank you, Congressman.

Chairman SKELTON. You will have to use the microphone close to you, so it will work.

Mr. PETERSON. Thank you.

Mr. Chairman, members of the subcommittee, the United States Travel and Tourism Administration appreciates this opportunity to appear before the House Small Business Subcommittee on Exports, Tourism, and Special Problems. USTTA, created under the congressional mandate of the National Tourism Policy Act of 1981, has, as a part of its charter, a very deep interest and specific obligation to the promotion, development, and preservation of historic landmarks, and we appreciate very much the opportunity to have the subcommittee focus on this issue today.

Mr. Chairman, one of the principal responsibilities of USTTA is to promote the export of tourism to the United States. Two weeks ago, President Reagan and Commerce Secretary Verrity, along with a bipartisan coalition of congressional and business leaders, launched a new initiative designed to encourage more American businesses to enter the export market. The name of that initiative was Export Now.

Export Now is of deep interest to this subcommittee and to the purpose of this hearing today because historic destinations are among the top 10 activities of interest to foreign visitors to the United States and among the top three favored activities of Americans who travel outside of their communities to visit other areas of the country.

Clearly, the preservation of America's heritage is the future of America's tourism industry. In 1987, the United States had a very excellent year as far as the international travel picture was concerned. Nearly 29 million foreign visitors came to the United States, generating more than $19 billion in export receipts for Americans, making tourism the largest business export in the United States.

In 1988, the United States expects an 11-percent increase in overseas traffic and estimates $22 billion in receipts.

One of the ways that USTTA goes about executing its mission is through a series of cooperative efforts with communities, with the States, and with industry. One of the first major landmark initiatives that USTTA has undertaken in recent years is cooperative television advertising in the overseas markets.

You have the good fortune, Congressman Mavroules, of having your State being the first State and New England one of the first regions to be featured in this USTTA initiative. If we could just take a moment and view the television spot which was developed for presentation in the U.K., featuring New England, Massachusetts, and TWA.

[Television spot shown.]

Mr. PETERSON. As you can see, this is a very exciting initiative which has had tremendous success. It is an example that is now being followed by other regions and other States throughout the country, and, in fact, as Dick Rust will attest to in a little while, this effort has been so successful that Massachusetts, the New England States, TWA, and Hertz have signed up to take a second round with this initiative in this upcoming year.

Mr. Chairman, some 16 years ago, a Deputy Assistant Secretary of Commerce, speaking at the University of Massachusetts in Amherst, delivered the following statement, which I believe was as timely then, as it is today.

He said, "Something happens to a tour destination when it is developed too rapidly. It loses its appeal to some people. It becomes spoiled. It is deprived of its uniqueness, and our tourism customers forsake it and move on to new spots which have yet to be discovered."

He said, "We all know of cases where this has happened. There is an area in our country," and he didn't identify it, but it was an area that was once quaint and rural and members of an old religious sect were there, and they wore picturesque 19th Century costumes and shunned modern conveniences.

The Assistant Secretary went on to observe that tourists came to photograph this area and to learn about the lifestyle, and as they did, hotels, motels, tour operators, gas stations, drive-ins, and other tourist-related activities sprang up, and because of the lack of planning and the lack of foresight that went into the development of this area, the uniqueness was gone.

A foreign travel editor once came to visit the area and after returning to his home, someone asked him what he thought of it, and his response was, "It was once there, but it isn't there anymore."

The point is that as we look to promote the wonderful historic uniqueness of areas like Salem, MA, and Lexington, MO, we have to be very careful and very mindful of the interests of the community, of the needs of the historic preservation interests, and of the ability to manage the uniqueness of those qualities, which, unfortunately, if not cared for and if not protected properly, can be lost and with it then lost, of course, the gold mine that we all think that we have in hand and that we would like to have there for others to enjoy.

The U.S. Travel and Tourism Administration has as one of its missions, as I indicated earlier, the coordination, harmonization, protection, preservation, and promotion of these historic areas.

One of the ways we do that is to consult regularly with the Advisory Board of the National Historic Trust. Another way that we do that is by participation with a private sector consortium, called the Travel For Tomorrow Council. This year, the Travel For Tomorrow Council has prepared a set of public service announcements which talk about the importance of America's historic sites. They talk about how important it is for each of us, either as tourists or as leaders in the industry, to be good stewards of those historic sites and to make certain that the uniqueness of Made in America remains in America.

In closing, I would like to show to the subcommittee the public service announcements which will be a part of the Made in America program of the Travel For Tomorrow Council.

[Public service announcement shown.]

Mr. PETERSON. There are 30-, 20-, and 10-second versions of that public service announcement, others on that tape, that, in the interest of time this morning, we don't need to see if that is agreeable to the subcommittee.

Mr. Chairman, that concludes my testimony, and I would be pleased to answer any questions that the subcommittee may have.

[Mr. Peterson's statement may be found in the appendix.]

Chairman SKELTON. Thank you. Mr. Rust.

TESTIMONY OF DICK RUST, TRAVEL DIRECTOR, OFFICE OF TRAVEL AND TOURISM, COMMONWEALTH OF MASSACHUSETTS

Mr. RUST. Thank you, Mr. Chairman.

On behalf of Governor Dukakis and the Dukakis Administration, I want to welcome the subcommittee here to Massachusetts. It is an honor to be invited to testify before you, and I commend you for holding these hearings and for holding this hearing specifically in Salem, MA. For Salem is one of our Nation's historic treasures, and as they say, Salem is "alive with history."

Salem's people understand that history is something which can instruct and delight visitors. Salem has been doing this for many years.

In addition, the people of Salem understand the economic importance of tourism and how tourism can be used for the economic well-being of the community.

The State of Massachusetts is a State in which public leaders, from the Governor on, have effectively used tourism as an economic development tool. For most of the past four years, I have served as director of the Office of Travel and Tourism. In that time, we have raised that office to a subcabinet level position, which shows, to some degree, the importance that we put on tourism.

In addition, we have quintupled the promotion budget the State has used to promote its tourism assets, and we have become very aggressive marketers in both domestic and international markets.

We have been active in creating new initiatives with other States to promote the New England region, and as a member of the Travel Industry Association of America's board of directors, I cochair a committee which is charged with implementing a "Discover America" campaign designed to stimulate travel by Americans in the United States.

Also, I have been working with my fellow State travel directors around the country to formulate a national plan for improved contact and communication between the public and private sector organizations involved in tourism development and promotion.

In these various capacities, I have learned a good deal about the travel and tourism industry. What is most frustrating to me, as a travel industry professional, as a concerned citizen, and as a public official with the responsibility of trying to stimulate economic growth, is how little understanding about this vital industry there is in government, business, the media, and the general public.

These hearings are a welcome response to that ignorance. Tourism is big business in Massachusetts and getting bigger. In 1987, every day, an average of 70,000 visitors came to this State. They spent $21 million per day, collectively, with $37 million per day in total economic impact.

Each day meant $2.5 million in new tax revenues from tourist spending, of which $1.5 million went into the Federal Treasury, and the remaining $1 million went into the Commonwealth and local treasuries.

Tourism is our second largest industry, mostly made up of small businesses, which is a specific concern of this subcommittee. Over 10,000 tourism-related businesses, employing 113,000 men and women in the State, served almost 25 million people last year, who spent an estimated $7.5 billion in direct spending, the total impact of which was $13.3 billion last year! Yes, that is right, $13.3 billion!

Tourism's growth has been a major element in Massachusetts' success story. Since 1983, tourism expenditures have increased each year. In 1987, our travel sales were 32 percent over what they were in 1983. Tourism-related tax revenues are up 34 percent on an annual rate over 1983, and in 1986, tourism-related employment rose at a 4.1 percent level, double what the increase in job growth was for the rest of the State economy.

Of interest to this subcommittee, with its concern over the trade deficit, should be our growing share of international tourists. In 1987, an estimated 1.2 million foreigners visited Massachusetts. That is a 35-percent increase over 1984. They spent an estimated $800 million, which is an 84-percent increase over what they spent in 1984. Those numbers give you some sense of how important this industry is in this State.

You have come to the right State in terms of a laboratory where the historical significance of the communities has been used to stimulate tourism. It is also a laboratory where public resources have been used to stimulate private investments in community revitalization, using tourism as the catalyst.

Two prominent examples of that, which everybody in the industry knows of, are in Boston, the Fanieul Hall Market Place, and also the city of Lowell. Those two places are legendary in terms of how tourism has been used to make a community grow. I think

Salem is going to be a community in the near future where private and public sector resources were brought together to create a real gold mine for tourism. I commend Congressman Mavroules and his colleagues and the people of this community working in that regard and pledge whatever State support is necessary.

I provided the subcommittee with figures about the growth of the tourism industry over the last couple of years. One thing to keep in mind, Essex County has been one of the main beneficiaries of that growth.

Massachusetts used all of the tools of promotion, advertising, public relations, trade relations, and so forth. We are very active, as I mentioned, in the overseas market.

Eric Peterson was kind enough to show the film of the television campaign which we ran in the U.K. last year. Massachusetts took the initiative, in cooperation with my colleagues here in the Northeast. We were a little bit sick of turning on the television and seeing Paul Hogan from Australia or seeing other countries advertising in our community, knowing that that kind of television advertising on behalf of the United States was not taking place anywhere around the world. We decided to take the bull by the horns and with the cooperation of the USTTA and with the support of TWA, we put together a very successful campaign.

That campaign cost the State of Massachusetts $100,000. Within the first 2½ months after the campaign was launched, we had received back over $200,000 in tax revenues. The success of that campaign has led us this year to expand the campaign. We are doing a larger campaign in the U.K. marketplace. We are broadening the number of participating private sector organizations. Most importantly, we have been successful, using a cooperative campaign, bringing in some of the smaller businesses and some of the smaller properties around the New England area. That is something which I think is very critical to what this subcommittee is concerned about.

Let me show you the brochure which was launched last week in the United Kingdom. I was very pleased as I was driving in a taxi between meetings, last week, to see a large poster of this brochure in the front window of a major travel agency in the middle of downtown London! So, the campaign is out there and it is working.

Now, the campaign was a marvelous invention. What we did last year is now being done by other destinations from around the country, in both the U.K. and in parts of Latin America. That is the kind of thing which we think is very important to the future.

The Federal role in tourism has a number of factors. Number one, is the macro and micro economic policies which stimulate business, should be designed with tourism in mind. Number two, transportation infrastructure investments are critical.

Third, Federal Government is the proprietor, the protector, the retainer of our national and historic resources, and should keep tourism in mind as it determines policies to undertake those activities. Fourth, the Federal Government is also the keeper of the gateways into this country. Finally, the Federal Government through USTTA is the promoter and, very importantly, is the organization which undertakes research which is critical to intelligent marketers in the future.

Tourism, according to experts, is the world's largest industry. It generated an estimated $2 trillion in spending in 1987. That is about twice what is spent on defense by the world's countries.

It will continue to grow at unprecedented rates, in response to changing world economic conditions, changing demographic conditions, the strength of the European economies, and the explosion of the Pacific Rim economies. The tremendous potential for the growth of the tourism industry should mean tremendous potential for the United States to be a beneficiary from that growth. However, it is going to take some action on our part and actions which, unfortunately, have not been forthcoming over the last couple of years.

For the past decade, we have been losing rather than gaining market share in international tourism. In fact, we have gone from having a 13-percent market share to an 11-percent market share over the last 10 or so years. That decline has been at the same time that the travel market has been increasing significantly. This means a tremendous loss of potential revenues to the country, at a time when we face a trade deficit and a time when we face a tremendous budget deficit.

While the dollar is weak, which is right now, is the right time that we should be working to capture that potential in terms of visitors. We can do it now when this country is a bargain and make people who will come here return time and time again, just as Americans still go to Europe, although it is very expensive.

Unfortunately, and I am not sure that the subcommittee is aware of what the situation is in some overseas countries. I just returned from Germany and from London, marketing Massachusetts overseas, and found some distressing conditions happening right now in the U.S. embassies overseas. Because of budget cutbacks, it is very, very difficult for visitors to get visas and every person who visits the United States needs a visa.

The visa offices in the embassies around the world have cut their staff and as a result, there are tremendous delays in people attempting to get visas.

In addition, because of cutbacks in USTTA funding, the public offices, which existed in a number of countries, where would-be visitors could come and get information about America, have also been closed. So, at exactly the time when we have tremendous potential, unfortunately, short-sighted Federal actions are constraining us from benefiting from the potential that is out there. I would hope as the Export Now program that Eric mentioned comes into being, the export of tourism will be taken much more seriously and possibly some actions could be taken to reverse the current situation.

In addition, I know I speak for my fellow State travel directors from across the country, and for most of the private interests that I have spoken with regarding the bill concerning the creating of some kind of a private, non-profit organization which would either supplant or supplement USTTA.

I think that is something which we should move very, very carefully on. Governor Dukakis has recently put out a national tourism position paper, where he calls for, at a minimum, doubling the USTTA funding so that we can take advantage of the tremendous potential that is out there right now.

My own sense, and I think I speak, as I say, for a good deal of the industry, is that is a step that we should first take. It is making a strong and adequately-funded USTTA, the centerpiece for tourism promotion and for tourism coordination between the private sector, the States, and the regions.

In the interest of time, I will just like to say that I think the short-term is really where we should do something about USTTA funding. I would urge the subcommittee in their deliberations over the budget over the next couple of months and in looking at fiscal year 1989's budget, to consider seriously the possibility of increasing the amount of money that is available, so that USTTA can put together the kind of program that was done in the U.K. in other markets.

Just for background, it took us about an hour to sit down with TWA and put that program together, because it made so much sense. If the money were available, I know other kinds of programs like that would fall in place immediately.

In addition, as I mentioned, looking at what is happening with the State Department budgets and what we are doing with the embassies, I think there is a problem with the way budget people look at budgets. They look at everything as an expenditure. Unfortunately, many budget analyses do not reflect the business sensitivity that has been brought to Congress in recent years, with a lot of businessmen who are now in the Congress, who understand balance sheets and that there are some expenditures that are really investments. That is the way the expenditures we are talking about should be looked at.

In the long term, I think this country needs a national tourism policy, and as I mentioned, the Governor has put out a position paper. I will make sure it is part of the subcommittee's records. That might be the broad lines needed in order to address the national tourism policy. That is something which the Congress, the new administration, the private sector, and the States—frankly, because the States in the last couple of years have become major promoters of tourism all over the country and all over the world—I would like to see us work toward a national tourism policy that looks at all the activities the Federal Government is involved in to help this industry and do it in such a way that, in the future, we are serious in terms of how we look at tourism.

It is the second largest private employer. It is the third largest retail industry in this country. As I mentioned, it is the largest industry in the world, and it is going to be the largest industry in many of the States in this country in the next number of years. We need a national policy. We have to take this industry seriously, and I think we have not done that in the past. I commend the subcommittee for obviously thinking along those lines.

So, thank you. I will be willing to take questions afterwards.

Thank you.

Chairman SKELTON. Thank you, Mr. Rust.

Mr. Saunders.

Mr. SAUNDERS. Thank you, Mr. Chairman.

Chairman SKELTON. Mr. Saunders, may I interrupt you?

I have been asked by Senator Kerry to insert for the record his statement to be included in our testimony which, by the way, does commend your Congressman, Mr. Mavroules, for this hearing and then does go on and talk about the historic hearings, the purpose of our being here.

So, without objection, I will put Senator John Kerry's statement in the record at this point.

[Senator Kerry's statement may be found in the appendix.]

Chairman SKELTON. Mr. Saunders. You are next.

TESTIMONY OF ROGER SAUNDERS, CHAIRMAN, SAUNDERS HOTEL CO., SECRETARY-TREASURER OF AMERICAN HOTEL AND MOTEL ASSOCIATION

Mr. SAUNDERS. Thank you, Mr. Chairman.

My name is Roger Saunders. I am the owner-operator of three independent Boston hotels.

I am here today representing the American Hotel and Motel Association, which moved to Washington from New York last week, after 75 years in New York. So, closer to the scene of the action.

I presently serve in the American Hotel and Motel Association as the Secretary Treasurer, and I would like to read their statement and mine.

We, in the hotel industry, recognize the value of international travel. The right development effort and promotional campaign can reap many rewards, not just for my properties, but for all the people we employ and all the additional people that we can employ.

Every merchant who sells everything from film to souvenirs benefits as well. Every visitor that we can attract to this country helps our city, our State and our Nation's economic future.

Consider, for example, the international travel services, ranked as the largest services export in 1986. International visitors spent $12.9 billion in the United States. So, how can we attract the international traveler to our shores and, further, to specific destinations within the United States? Clearly, we cannot do it alone.

This is where the Federal Government plays a role and must play a continuing and more aggressive role. Consider the opposition. We are competing with other governments and no business, large or small, can compete with a national government effort.

Greece spends more than six times what the United States invests in its national tourism office. Poland spends five times as much. International visitors spending in the United States generated $384 million in Federal tax revenue in 1986, while the United States spent only $12 million to fund our national tourism office.

Working through the American Hotel and Motel Association, we have accessed the wealth of expertise and contacts available through the USTTA, and I would like to take a few minutes to detail some of the programs which we embarked with USTTA.

The truth is we work nationally and have devised a format for accommodations guides which were published by individual State lodging associations. The guides, which met these specifications, are then sent to USTTA's overseas offices for distribution to potential visitors to the United States.

Second, the American Hotel and Motel Association and USTTA cosponsored a promotional program in 1987 in London and Frankfurt. USTTA's research indicated that the U.S.A.'s lodging product was not well understood overseas. The program was called a Day in the Life of America. It provided an opportunity for representatives of 14 lodging companies to present to international tour operators and travel agents the diversity and affordability of staying in our hotels and motels in the United States.

The third and final area was the video presentation to educate members of the lodging industry on opportunities for marketing the Pacific Rim nations. The USTTA offices in that region were instrumental in paving the way for delegations and a film crew. With the presence of the USTTA offices and the contacts of the personnel, a quality program was produced and has been utilized throughout the country. This has prompted plans to expand the Day in the Life of America for this region of the world.

This is just a sampling of some of the activities that have been made possible because of the cooperative link between AHMA and the USTTA.

Locally, we at Saunders Hotels worked with the Convention and Visitors Bureau in Boston. In fact, in speaking to Bob Cummings, who heads that bureau, this morning, he just got back from the ITB Convention in Berlin, and he said that the Salem Maritime Museum had a very large poster there that was presented by the National Parks System. He said it would make you feel very proud to see it and to see the thousands of people that were embarked on bringing tourism to their respective countries.

Each one of the contacts in the State travel offices multiplies through the USTTA. The International Association representing convention and visitors bureaus cooperates with USTTA. The State of Massachusetts joined with other New England States and USTTA to break new ground by advertising on foreign television as you saw this morning.

Massachusetts, as of 1985, ranked eleventh in the State tourism office expenditures and in that year spent $5.9 million. As Dick said earlier, I believe it is now over $10 million.

What I have described are three distinct efforts, local, State, and national, with a common thread—USTTA. Mr. Chairman, USTTA is the key to getting foreign visitors to the United States. We have to work locally to promote our own attractions and historic sites, such as Salem, is, indeed, an attraction and clearly one in which the community is building and will continue building.

Primarily, that effort can be directed toward the domestic market. A few brochures in the hands of USTTA's foreign offices will also be an efficient marketing tool if a prospective visitor would visit a USTTA office. Unfortunately, as you heard, budget cuts have necessitated closing the offices to walk-in inquiries.

The adequacy of any of these tourism programs is predicated on adequate funding. We applaud the subcommittee's interest in tourism, but AHMA is not ready to abandon the National Tourism Policy Act. That legislation was developed after years of research, study, cooperation, and compromise. We believe its goals are sound. Frankly, we believe that much of what is contained in H.R. 2357 can be accomplished if USTTA is properly funded and can expand on its excellent programs.

Mr. Chairman, thank you very much for affording us the opportunity to work with you today.

Chairman SKELTON. Thank you, Mr. Saunders. Senator Berry.

TESTIMONY OF FREDERICK E. BERRY, STATE SENATOR, MASSACHUSETTS

Senator BERRY. Mr. Chairman, members of the subcommittee, my name is Frederick Berry. I am the Massachusetts State Senator from the 2d Essex District. On behalf of myself and my constituents, I welcome you to Salem.

I would also like to take this opportunity to thank Congressman Mavroules for his efforts in bringing this subcommittee to Salem for today's hearing.

Mr. Chairman, my testimony will be a lot more parochial.

The city of Salem has a rich and varied history. From the original settlement of the villages along the North River through the Witchcraft Trials of the late 1600's, and into the early 1800's, when, with its China Trade, this city was the maritime capital of the world. Salem and its citizens have played an extremely important role in the development of our country and our country's culture.

Too often, I think, we look at our country's past from the wrong point of view. We see our history as a series of events that have conspired to shape our society. Our history is not events, our history is people. Salem's history was shaped by its citizens, by the original settlers, by the participants in the witchcraft hysteria, by the merchants who sent ships from Salem Harbor to points all over the globe and by the men who sailed on those ships.

These people have left us a legacy. A legacy which lives today in our many museums and cultural institutions, in our architecture, and at the National Park Service Maritime Site.

Over the years, this legacy has developed into a tourism industry that is now the single largest industry in Salem. Currently, almost one million people visit Salem every year. This influx of tourists is vitally important to Salem's economy.

It creates jobs for the city's citizens in both the historical institutions and in the general business community that provides products and services to tourists. It also generates property tax revenues when those businesses servicing tourists and the tourism industry develop and grow. The impact of tourism on Salem's economy and the future economic development of the city cannot be overstated.

One such concerted effort to use tourism as an economic development tool is currently underway. Both the city of Salem and the Federal Government are working to expand Salem's National Park Service site by purchasing the adjacent St. Joseph's Polish Club, as well as renovating the entire site.

My point in mentioning this project is to illustrate that projects such as this are very difficult, if not impossible, without a high level of cooperation between the different levels of government, as well as the private sector.

For its part, the Commonwealth will be doing its utmost to cooperate with local governments for the development of tourism.

Through the Governor's recent bond issue, $500 million will be available for tourist-related improvements and Salem will be able to take advantage of many of those funds, including the possible construction of harbor walkways, a visitor's center, and funds for new marketing efforts.

The Federal Government has the opportunity to play a very key role in the development of the tourism industry in general and of Salem specifically by continuing adequate funding of its park sites, most notably the National Maritime Site, by providing funds for the marketing of these sites, by providing funds to assist in initiating and expanding businesses that serve, either directly or indirectly, the tourism trade, and by maintaining historic preservation through restoration funding or tax credits.

For their part, the city of Salem and the city's business community must continue to work together, and together they must work with Federal and State governments so that the legacy left to us by so many past generations of Salem citizens, and the spirit which helped to create that legacy, can be held out to the Nation and the world as an example of how a community can cherish its past while at the same time incorporating that past into its plans for the economic development.

Thank you, and I will be glad to answer your questions. So, if you do have questions, do not be afraid to ask them of me. Thank you.

[Mr. Berry's statement may be found in the appendix.]

Chairman SKELTON. Thank you so much, Senator. Mr. Amsler.

TESTIMONY OF JAMES T. AMSLER, PRESIDENT, SALEM STATE COLLEGE

Mr. AMSLER. Welcome to the Peabody Museum of Salem.

As the president of Salem State College, I have both a personal and a professional interest in addressing the purpose of your hearing on the use of historic site preservation and historic preservation as a tool for increasing economic activities through tourism.

As the president of the largest public college in New England, I am very well aware of what factors contribute to marketing of colleges to students and faculty. Salem State College has an enrollment in excess of 10,000 full- and part-time students. The faculty, the administration, the staff, and support personnel included at the college make up more than 700 individuals with a college budget in excess of $35 million, and a fiscal impact of over $50 million on the city and its environment.

Salem State College has a major stake in the present and the future of the city of Salem. More importantly, Salem State College is inextricably connected to the city's historic past. Money donated by this city was an important factor in the establishment of Salem Normal School, the sixth oldest normal school in the United States.

Through the connections of the city's past and its residences are more clearly evident as you tour the college's campus and note the names of buildings and the people they represent. Bowditch Hall. Mr. Bowditch was regarded as the father of navigation and whose son, upon his death, left a bequest for Salem Normal School which is considered the first such bequest to a public college in America.

Peabody Hall named after the Peabody sisters. Elizabeth Peabody was the founder of the kindergarten in America, and her sister, Mary, married to the first famous educator, Horace Mann, who established the first normal school in Massachusetts, later ran for governor, was defeated, and left Massachusetts to become president of Antioch College.

In the Salem South Campus, is the former home of George Bailey Loring, whose public service career spanned three Presidents. He was appointed postmaster of Salem by President Pierce, Secretary of Agriculture by President Garfield, and Ambassador to Portugal by President Harrison. A record of service probably not emulated by any other public servant.

More importantly, Salem State College's professional association with two overseas major historical entities is crucial to our educational programs.

I serve as a trustee of the Essex Institute, House of Seven Gables, Education Committee of the Peabody Museum, and these institutions serve as important historical connections for our faculty and for our students. As a former president of the Salem Chamber of Commerce, I am acutely aware of the importance of a close association between a college and the community.

The Salem Partnership, directed by Maureen Johnson, director of our resource center for business and administrator on release time from Salem State College, is fair evidence of the commitment of this college to the future development of the city.

It is my opinion that the Salem Partnership is the first entity to be formed which has successfully brought together in one organization a vast group of businessmen and professionals whose agenda is uniformly the same, the strengthening of the city as a tourist attraction.

The history of this city is so great and so important, the China Trade and its early days as one of the five wealthiest cities in the United States, and the home of the first millionaire, that not only should this history be preserved, but it must be made comfortably available for all Americans.

As a college educator, I believe the city's preservation and its access to its history is of paramount importance in the offering of quality educational opportunities. As a citizen, I view the availability of the history represented in the city of Salem to all Americans as a responsibility which must be seriously addressed by the city, by the State, and by the Federal Government.

Salem State College has benefited educationally from its location in this city. It has the ability to attract highly-qualified faculty and it also receives one of the largest pools of applicants of any college in New England.

I am equally optimistic this success will continue, but I also realize that the effort will be made easier through the infusion of funding and enhancement of the image of the city as an attraction for all Americans.

Salem State College has benefited immeasurably from the history and the traditions that are reflected in the city of Salem. The potential for involving the college, its faculty, and its students, more directly in the activities of its historic homes, its museums and historical institutions needs to be continually explored and supported.

I might add, Salem State College has a nationally-accredited program in cartography and geography, which offers a minor concentration in tourism for its students, one of the largest concentrations of the college.

Future funding is necessary in support of easier accessibility for the people at large, for greater program development for elementary and secondary school pupils, for research undertakings of undergraduate and graduate students, and to prepare students for archival work, and also to implement programs for teachers in the interpretation of the local resources and to their school curriculum.

History and traditions have little impact on the lives of Americans unless they learn about them. Support for increasing accessibility to the treasures of the city of Salem would, in my mind, be crucial to that goal.

Thank you.

Chairman SKELTON. Thank you so much, Mr. Amsler.

Congressman Mavroules.

Mr. MAVROULES. Thank you.

Thank you very much, Mr. Chairman.

Let me thank all of you for your excellent, excellent testimony here this morning. I think you have very good views.

I might tell you, Mr. Chairman, a little experience I have had with Senator Berry. While I had the privilege and honor of serving as the chief executive in the city of Peabody——

Chairman SKELTON. The city of what?

Mr. MAVROULES. Peabody.

Chairman SKELTON. We have Missouri. I suppose you pronounce that wrong, too.

Mr. MAVROULES. They really do talk funny down South, do they not?

When Freddie was much younger and he was on his way through school, he came in one day and he asked me for employment, summer employment, and I said I would be very happy to, and I said, "Well, Fred, you know, we can use a little cleaning up here in City Hall." He said, "You leave it to me," and the next morning, he arrived for work, he got the broom, he started sweeping up. He did a hell of a job for about two weeks, and suddenly I could not find him, and I had a great concern for my good friend.

I had an interest in Fred, a real courageous young individual, and I looked all over City Hall and I could not find him. Finally, I got a call from the police chief, and he said, "Nick," he said, "this guy, Fred Berry," he said, "you know, he's hanging around here 12-13 hours a day." I said, "What's he doing? I can't find him." He said, "I don't know what the hell he's doing." He says, "You ought to get him out of here and bring him back upstairs where he belongs."

I went down to see my friend, Fred, and I said to him, "Freddie, you're supposed to be cleaning up all over City Hall." He said, "I know." He says, "I am starting with the Police Department." I could not get him out of the Police Department. He did a great job and we are very proud of him.

Let me again thank you very much for your testimony.

Eric, perhaps you and Dick could answer this question. We do have a trade deficit of roughly $150 billion, although somewhat encouraging during the month of December, it is down to $12 billion, still very, very excessive with regard to the deficit.

On the national level, Eric, I think we have a plus factor with regard to trade, and perhaps, Dick, you could answer for the Commonwealth. Do you have those figures that you could share with us here this morning?

I want to demonstrate the importance of tourism.

Mr. PETERSON. Congressman, the industry contributes approximately $19 billion to the balance of trade account for the country.

Now, that is a very positive perspective. It is somewhat clouded, though, by the fact that Americans spend something in the neighborhood of about $28 billion overseas. So, in the tourism industry, there is, at the present time, about a $10 billion trade deficit. That, of course, is something that we are constantly trying to overcome by encouraging more foreign visitors to the United States.

Mr. MAVROULES. How about with Japan?

Mr. PETERSON. At the present time, the United States enjoys about a $1.2 billion trade surplus with Japan. We are anticipating on the basis of our research seeing that surplus rise to somewhere in the neighborhood of $2.5 billion by 1990. The same way with many of our Eastern European trading partners, where we have large trade deficits in products. We have a trade surplus in tourism exports.

Mr. MAVROULES. If we were to double your budget or triple your budget to give you the adequate funds that have been stated here this morning by both the speakers, what could you actually do in terms of promoting tourism to such a degree that we could turn this thing around very quickly?

Mr. PETERSON. Well, there are any number of things that we could do. First of all, we could do more of what we are doing now. We would very much like to see every region of the United States participating in cooperative television and other forms of advertising campaigns throughout all of our major markets.

We would very much like to have our Visit U.S.A. committees, which are comprised of marketing representatives, in those countries from which we are attempting to bring foreign visitors, have more resources available to them to execute their trade missions and their seminars and their promotional activities.

We would very much like to be able to expend more energies with each of the American regions to develop similar Visit U.S.A. committees, to develop products to put on the overseas shelf, and to be able to more aggressively undertake our program overall.

Let me take this opportunity to comment about something that Dick stated in his testimony with regard to his concern about our having to close our consumer walk-in activities in our overseas offices.

To a very large extent, that was done because of State Department concern with regard to security of our personnel, but it is also undeniable that we undertook that effort for budgetary reasons, and in closing the walk-in traffic to consumers, we have made a concerted effort to try to increase the service to the trade, to travel agents, to tour operators, to tour wholesalers, so that we are using them more aggressively now as the distribution link to the consumer.

Our hope is that even though, in the short-term, there has been some adjustment and, as a result, there has been some fall off in the total amount of literature that has been distributed throughout our major overseas markets, our hope is that given no other alternative, eventually, within a very short period of time, both the trade and the consumer will become more adapted to that sort of situation.

But to your point, there is no doubt that were our budget doubled, for example, as the Governor has indicated he would like to have done through his position paper, there is no doubt that there could be a lot more programs carried out for the cities, for the States, and for the regions in our overseas markets.

Mr. MAVROULES. Thank you for your response.

Dick, if you could?

Mr. RUST. Yes, if I may, Congressman.

One thing that you raised was the question of statistics—a very important point. In the last number of years, with Federal cutbacks in funding, the funding for research on the tourism industry has been cut as well.

The Commerce Department is not doing the kind of research that had been done in previous years, and I think it is critical. If we are going to know where we are going, we have to know where we are. And in order to do that, we have got to get some research done, and the Federal Government really is the appropriate place where that research can be undertaken.

Right now, in fact, there is a request before the Commerce Department from the United States Travel Data Center to undertake an upgrading of the basic data on tourism. The last time a national study of that kind was done was in 1977. The world has changed significantly since 1977 in terms of travel and tourism.

So, the first point is that I think we need better numbers and better research. It is impossible for a State level to be able to determine the out-flow of business, the in-flow of overseas travel.

I am sure that we are running a travel deficit in this State. Because, this is a very successful State, where a lot of people make a lot of money and a lot of people get on planes and go overseas.

In preparing the Governor's position paper, we did do a little bit of analysis. If we could get this country back up to, at a minimum, a 13-percent market share in the growth market that exists out there, crude estimates are that we could add anywhere between $3 to $5 billion a year! Frankly, if you see the surveys from overseas, in terms of the number one choice of destinations for overseas travelers to visit to, it is America.

There is no reason why we could not have a 15-percent market share if we were doing the right kind of job. As was mentioned, the USTTA might do with the numbers again, my fellow State travel directors have created a subcommittee on international tourism, and to reiterate what Eric said, I think that money very well could go to that kind of cooperative program. That is just one example.

What is unique about the example is the fact that it is a multi-State effort. Right now, the State of New York is developing for the U.K. market. The State of Illinois is going to the U.K. market as well, and the State of Florida is going to the Latin American marketplace.

What is critical to spread the wealth and the benefit of tourism, is for multi-State efforts to be underway. A lot of smaller States do not have the resources. Now it takes a larger State with a larger budget to carry it. But if the USTTA budget was large enough, to put more than 8 to 10 percent toward a project, I think you would see projects around the country.

I know, in terms of Congressman Skelton's area in Missouri, they are very interested in doing something overseas. Again, it is a budget question. If USTTA funds were available, I could see other regions doing exactly what the New England region did and having the same kind of impact. The cumulative effect of those kinds of activities all over the world, in those marketplaces where we have potential, would be such that I could see in a very short time frame our international trade deficit being impacted quite significantly on the positive side as well as the budget deficit. Because, remember when foreign nations come in, they also generate Federal tax revenues which helps cut the budget deficit.

So, I think we could make a tremendous contribution to the economic well-being of this country and to the Nation's regions if we make a minimal investment. The $24 million that Governor Dukakis is recommending is really a starting point.

[Mr. Rust's statement may be found in the appendix.]

Mr. **Mavroules**. Thank you very much.

Mr. Chairman.

Chairman **Skelton**. Mr. Amsler, I am interested in your minor in tourism at your college. What courses do you teach in connection with that tourism program and do you make the students who are involved in this program available for research or assistance in surrounding Massachusetts communities?

Mr. **Amsler**. The purpose of the program is to prepare students who are interested in joining the profession of tourism, and they do take internships in tourist agencies. They are involved in on-site handling of travel arrangements, and they work very closely with agencies, not only in this area, but across the whole of Massachusetts.

The thrust of it is, as I said, a concentration of minors, not a degree program in and of itself, to prepare those students who have that interest to actually go into that as a profession and to work in tourist agencies. The internships which are part of that program enable them to become involved in hands-on activities in terms of dealing in the activities of travel.

Chairman **Skelton**. Thank you, sir.

Mr. Peterson, in connection with the comments made a few moments ago by Mr. Rust about the research monies being cut, in other words, it does not do any good to advertise the snow slopes of Colorado to Eskimos, so do we have a problem there in finding the right areas in which to attempt to attract people to certain areas of America?

Mr. **Peterson**. Mr. Chairman, the difficulty that we have is that at the present time, USTTA's research program is, by all measures, the landmark for all research for the industry. Cities, States, individual elements of the industry itself utilize USTTA's research as the foundation from which they do their planning and the development of their programs and it is the basis upon which we develop our initiatives and identify target markets both domestically and internationally.

The difficulty is that there are, I would have to guess at this point, probably 25 to 30 different kinds of research projects that we would very much like to be able to undertake on an annual basis.

Chairman **Skelton**. Would you, for the record, and I realize the variability of that, would you, Mr. Peterson, furnish those 30 some odd projects? In other words, if you had your druthers, as we say out in Missouri, if you had your druthers, what type of research would you do to fulfill the mandate in the USTTA?

Mr. **Peterson**. All right. Very good. We will be happy to do that, sir.

Let me just conclude that response to your question, though, by saying that at the present time, given that list of priorities, we simply have to take on an annual basis and decide which of those 30 projects we are going to do this year, which we are going to put off for years down the road, and that is how we manage the situation at the present time.

Chairman **Skelton**. I am disturbed over some testimony by Mr. Rust here. You know, people like Congressman Mavroules, myself, and people doing business with Mr. Peterson, do their very best to attract people to come from other countries to see Salem, MA, and all that we are so proud of here. We see a bottleneck of people who want to come to America to see the Salem, MA's, in our country, and the Lexington, MO's, in our country, and they are having a difficult time getting visas because, I suppose, of the bureaucratic slowness in our embassies overseas.

This concerns me a great deal. It seems like the United States of America is at odds with itself and losing the battle. We are spending money to attract people, yet these people have to go through the bureaucracy of some of these embassies and it is discouraging. Word gets out after people have seen television spots where the prices are right, but they have to stand in line or they have to come back a second or third time to the U.S. embassy and they say, I am not going to do this, I will go down to the Alps and ski.

What about that, Mr. Peterson?

Mr. **Peterson**. Mr. Chairman, as you know, in 1986, the Congress passed, and the President signed into law, the Immigration Reform Act, and included in the Immigration Reform Act was a provision to establish on a pilot project basis visa waivers.

Chairman **Skelton**. That is correct.

Mr. **Peterson**. The USTTA has been pressing the State Department and has been pressing INS for these 2½ years to get off the dime and bring those pilot projects on line.

Approximately one month ago, the State Department finally announced that on a pilot basis, they were going to undertake negotiations to invite the United Kingdom and Japan to be the first two countries to participate in the pilot basis.

Chairman **Skelton**. How long ago did we pass that? Last year?

Mr. **Peterson**. Two and a half years ago, sir.

Chairman **Skelton**. Two and a half years ago. I will tell you what, Mr. Peterson, we are going to have a hearing with those people to see what has taken them so long. There is no excuse for that in a program that is costing us money when people want to come to America, have the means to come to America, we are trying to entice them through advertisements and other areas to urge them to come to America, and the bureaucratic snag will not allow them.

There is just no excuse for that.

Mr. MAVROULES. Yield to me?

Chairman SKELTON. I will yield to you.

Mr. MAVROULES. I, too, want to pick up on that point, Eric. If you recall, back about two years ago, the Congress did pass a very substantial sum of money to enhance the security of our embassies all over the world. So, it should not be a matter of funding. Funding is well proportioned to enhance our security opportunities, which, by the way, has nothing to do with people going to an embassy seeking a visa to come to this country.

The funds that we have passed were for greater materials, or whatever, to protect our embassies all over the world. So, that should not be the excuse.

I think what has got to happen here, quite honestly and very candidly, you have got to stake out the turf a little bit more. You will have the support of the Congress. I think that what Mr. Skelton is trying to relate to you, is that you can do that through the full and total support of the Congress. I never expect to balance the trade deficit on tourism nor should we try to do that, but for the love of God, we should open up our doors to give people the opportunity to get over here.

We have a great country. We have so much to offer, and I am in agreement with you, Mr. Chairman. I think perhaps we should have a hearing. The funding for security certainly has nothing to do with the visas that are being granted to people who want to come over here, or not granted to the people who want to come over here.

Thank you.

Chairman SKELTON. Thank you.

Mr. RUST. If I may, Mr. Chairman, I would be remiss if I did not give Donna Tuttle a word of congratulations for having done a very good job over the last couple of years, under difficult conditions. She has been aggressive in putting USTTA much more on the map than it had been and has been strongly advocating some of the policies that we talked about this morning.

Unfortunately, that is one voice in the Federal Government which obviously has not carried the day.

Chairman SKELTON. You have had the administration for two years in a row wanting to wipe out USTTA.

Mr. RUST. More than two, I think. As I said, I would be remiss if we did not give Donna Tuttle at least some good merits in trying to carry out some positive policies.

By the way, there have been problems overseas in terms of the way the press has handled certain USTTA activities. Just by coincidence, I have been in Germany and in England recently, and saw the negative press about the closing of USTTA offices and delays in processing visas. The impression that was given was that America does not want people to come visit. That was very much the impression that you would get by reading newspapers, and I think your idea of possibly having a hearing on this may do some good.

Chairman **Skelton**. Thank you.

We will take a 3-minute break at this time.

[Recess.]

Chairman **Skelton**. Ladies and gentlemen, we will resume our hearing.

The next panel, Peter Fetchko, the executive director of the Peabody Museum; Joan Gormalley, the executive director of the Salem Chamber of Commerce; William Guenther, president of Historic Salem, Inc.; Maureen Johnson, director, Salem Partnership, Salem, MA; Anthony Salvo, Mayor of Salem; and Cynthia Pollack, who is the superintendent of the Salem Maritime National Historic Site, who is accompanied from Washington, DC, by Priscilla Baker of the United States Park Service.

We welcome you and thank you, and, Mr. Fetchko, we will begin with your testimony.

TESTIMONY OF PETER FETCHKO, EXECUTIVE DIRECTOR, PEABODY MUSEUM OF SALEM

Mr. **Fetchko**. Mr. Chairman, thank you for this opportunity to appear before our congressional leaders and our fellow citizens for their support and guidance.

Our meeting is held appropriately here in the East India Marine Hall, home of one of the oldest museums in our United States. Founded in 1799 as the East India Marine Society, it was grounded in the philosophies of the 18th Century enlightenment, which held a new reverence for learning and an expanded curiosity about the works of nature, geography, and the inhabitants of the remote corners of our globe.

Like the great Oceanic explorers of the 18th Century, captains of the East India Marine Society collected, during the course of their worldwide mercantile voyages, curiosities from all over the world, from Archangel to Zanzibar, which they returned to Salem for the enlightenment of their fellow citizens.

At the dedication of this hall, the Society's new home in 1825, President of the United States John Quincy Adams rose to the occasion with the following toast, "To the mariners of Essex County, and their tributes, in peace and in war, to the glory of their country."

And, indeed, what is preserved here at the Peabody Museum, and also at the Essex Institute, the House of Seven Gables, the National Maritime Historic Site, the Salem Witch Museum, and other cultural and historic sites throughout the city, is to the glory of our country.

But do not let our nationalism blind us to far greater truths and our obligation to share the American experience with the world at large. Thousands from abroad search out here not only our national cultural resources, but also significant collections from all over the world, a world brought together as a global community through international trade and commerce.

The Peabody Museum is just now preparing to open a new 26,700 square foot building dedicated to the deep water trade with Asia and containing the largest collection of Asian Export Art in the world.

Ambassador Han Xu from the People's Republic of China will be here in May to dedicate special garden stones from China, a gift to the Museum commemorating friendship between the two countries and the 200th anniversary of the voyage of New England's first vessel to trade in China.

Prince Naruhito of Japan visited in 1985 to view the world-famous Edward Sylvester Morse collection of objects of every day use from Japan, and there are many other collections of significance as well.

An operating budget of $1.5 million and a current campaign of over $12.6 million raised principally from the private sector contributes significantly to the local economy. Three thousand members, 200 volunteers, 80 staff, 30 trustees, and 100,000 visitors all share a significant role in this endeavor.

We seek the partnership of our national government so that it also may play a role appropriate to its station and help us not only preserve our national cultural resources, but help make them accessible to a growing national and international community of tourists and visitors.

Thank you.

[Mr. Fetchko's statement may be found in the appendix.]

Chairman SKELTON. Thank you so much. Ms. Gormalley.

TESTIMONY OF JOAN P. GORMALLEY, EXECUTIVE DIRECTOR, SALEM CHAMBER OF COMMERCE

Ms. GORMALLEY. Congressman Skelton, Congressman Mavroules, on behalf of the Salem Chamber of Commerce, I would like to take this opportunity to welcome you to Salem, and to thank you for affirming by your presence the uniqueness of Salem as a focus for tourism in Massachusetts.

The Salem Chamber of Commerce, of which I have been executive director for over six years, represents 300 Salem businesses, one-third of which are directly related to the business of visitors to Salem. At the present time, the Salem chamber represents the focal point of the tourist services in Salem as it is in most cities. We are the visible agency which is contacted by the potential visitor, the media representative, and the student doing research on our rich and diverse history spanning many areas of interest, including the witchcraft hysteria of 1692, the literary works of Nathaniel Hawthorne, and the excitement of the rich maritime history, with the country's first millionaire, Elias Hasket Derby.

Every year, the Salem Chamber of Commerce, in its visitor information center, in historic Old Town Hall, distributes 150,000 copies of its official brochure "The Best of Salem" as well as another 125,000 booklets of the same name.

In the past year, the richness of what is here has been recognized internationally by such publications as La Figaro, and Madame La Figaro, and Francois, France's largest newspaper, E Poko of Italy, and the London Daily Times.

Within the United States, we have been featured in the New York Times Travel Section, People Magazine, Yankee Magazine, Colonial Homes, and the National Geographic Traveler, to name a few. TV coverage has included CNN News, the Oprah Winfrey Show, Spenser for Hire, and the upcoming NBC series, "Mysteries and Secrets," in September.

Last year, the chamber hosted a delegation of Japanese travel writers representing a readership of 4 million and previously, a high-ranking delegation from the island of Madagascar, which visited Salem to compare our maritime history with their own.

On a more current level, we are happily approaching our seventh annual Haunted Happenings, a nationally recognized visitor-media event around the Halloween holiday featuring New England traditions and celebrations for children of all ages. This event, which grows by thousands each year, was begun by the Salem Chamber of Commerce and the Salem Witch Museum seven years ago and has gained for Salem national recognition as the Halloween Capital of the World, to quote the Salem Evening News, November 3, 1987.

Salem has a Halloween that is as important as New Year's Eve is everywhere else. These words were spoken by a California woman who, with her companion, was in Salem for a week long celebration as the winner of a contest held by a radio station there, the prize being an all-expense paid trip to Salem for Haunted Happenings, including accommodations at the Hawthorne Hotel, and $1,000 spending money.

This recognition of what happens in Salem was generated by the 800 press kits sent throughout the United States by the Salem Chamber of Commerce. While no marketing-advertising budget is available for this event, the 800 press kits achieve media attention in every State and result in block-long crowds at every scheduled participating site. A copy of last year's Haunted Happenings brochure is included in your packet of information.

The success of this public relations effort is the result of the generosity of three local business community members. McDougall Associates, which contribute the graphics for the printed materials; Parker Brothers, which donate 25,000 brochures and 500 posters; and the Salem Witch Museum, who underwrite the cost of producing and mailing the press kits, all exhibiting the cooperation and support of the Salem business community.

As a direct result of the phenomenal success of Haunted Happenings, the chamber, in 1987, initiated the first annual Holiday Happenings, a cooperative effort between the chamber and the office of Mayor Salvo, featuring another calendar of events, with a spectacular display of hundreds of thousands of lights, and generating throngs of visitors to the city. Plans are already underway for the second annual festival to take place in 1988.

The offices of the chamber serve as the clearinghouse for all special events in the city in an effort to avoid serious conflicts and cosponsor and/or help to promote all of the bike and road races and festivals held here. We, the chamber, have served cooperatively with the city administration on the Heritage Trail committee, which has painted the red line throughout the city to assist the visitor, as well as the Salem committee, which acted on the offer of Ackerley Advertising Company, resulting in billboard advertising throughout the Commonwealth at no cost to the city.

Our latest affiliation is with the newly-organized Salem Partnership, on which the Salem Chamber of Commerce serves as a member of the board of directors, as well as serving on the subcommittee of downtown economic development and the committee on public relations-marketing, which includes tourism development.

We have established a close working relationship with Laurie Cabot, the woman known throughout the United States and Europe as the "official witch" of Salem, who now serves on the board of directors of the Salem chamber. This mutually beneficial relationship has resulted in Salem's being featured in such countries as France, England, and Japan, to name a few. When feature writers interview Laurie, she sends them to the chamber or greets them in the garden of the Essex Institute, a situation which had been previously non-existent.

In the past six years, tourism has soared to become the second largest industry in the world, for the United States and Massachusetts. Because of this, Salem is fast becoming, what we hope to be, a destination city. My remarks have shown that we have a great deal to offer here of a creative nature. The chamber organization, its member businesses, and the Mayor's office have worked cooperatively with all of the resources at our command.

We have achieved much, and with your financial support, we can achieve much more. We need serious investments in an access road, improved and increased signage, parking, and a marketing-promotional budget. All of this is necessary to enhance and promote what we have here.

Twenty years ago, when our congressional district was served by my late cousin, Congressman Bill Bates, who would have guessed that tourism would be the second largest industry, everywhere?

Fortunately, our current representative, Nick Mavroules, has recognized that fact and that is why we are here today. Times and life have changed, and so must we.

Honorable Ike Skelton, I thank you again for your time and for your attention very, very much.

Thank you.

[Ms. Gormalley's statement may be found in the appendix.]

Chairman SKELTON. Thank you. Bill Guenther.

TESTIMONY OF WILLIAM H. GUENTHER, PRESIDENT, HISTORIC SALEM, INC.

Mr. GUENTHER. Thank you, Mr. Chairman, Congressman Mavroules.

My name is Bill Guenther, and I appear before you in my capacity as president of Historic Salem, Inc.

I am a resident of Salem's McIntire Historic District. Like president Amsler, I appear before you in two capacities. Personally, as a resident of Salem, and one of the historic districts, and as a representative of the preservation activities that are going on here.

I will excerpt a few of my comments from the printed statement I submitted, and I basically would like to discuss very briefly Historic Salem, Inc., and our work, Salem's attraction as an architectural center, and as you have indicated from your interest, the interrelationships of tourism and historic preservation and local interests.

Historic Salem is a volunteer not-for-profit membership organization with nearly 600 enrolled individuals and businesses. As such, we are one of the largest community-based organizations in Salem. The breadth of our membership in age, ethnic background and neighborhood, as I look through our mailing list, is fascinating. One can really see how widely-based the interest in preservation is and it demonstrates the broad appeal of this issue in Salem and I think nationally.

Historic Salem divides its work between education and activist efforts on behalf of Salem's historic downtown and surrounding residential neighborhoods. Forty years ago, at its founding, the Historic Salem rescued and restored the 17th Century so-called Witch House, now open to the public on Essex Street.

During the 1970's, the organization was especially active in urban renewal and public restoration initiated in the Salem downtown. I have included for the record a summary of representative projects undertaken in 1987. We continue to provide support for the preservation of individual buildings where community action will make a difference.

Of equal importance, we feel, is our role as a proponent of city policies that will enhance conditions in Salem's downtown and all the neighborhoods. Simply stated, historic preservation for the benefit of residents, businesses, and visitors must take a broad perspective to be successful.

Salem is blessed with an extraordinary range of architecture produced over the centuries. A visitor passes from the recreated Puritan sentiment of Pioneer Village to the 17th Century Pickering House occupied continuously since 1651 by 10 generations of that family. From 18th Century Georgian roofs to the great Federal houses built in the early 1800's, and finally through a vast array of 19th Century Victorian eclectic homes.

At the Essex Institute alone, in one location, one tours three houses spanning the period from 1685 to 1805.

It is interesting to note that the Green Michelin Guide identifies six 3-star cities in New England. Salem is one. In recommending the 3-star cultural attractions to New England visitors, the guide includes our host, the Peabody Museum of Salem, in a short list with the Boston Museum of Fine Arts.

Above and beyond the architectural and cultural presence and Salem's maritime heritage, the spirit, though, that draws new residents and visitors to Salem is that of a living museum. New lives are made in the old houses. Neighborhoods are regenerated, and the county courts continue to support a professional community in the downtown of Salem.

The city remains an exceptional product in New England: Colonial, Federal, and Industrial, heterogenous and real.

I would like to make specific reference here to Mr. Peterson's comment earlier and I thought he showed great sensitivity when he talked about the importance in restoring and regenerating communities, of doing it carefully and working with the local community, and not creating "in" spots which are left behind like night clubs.

Preserving not only the buildings but also the fabric and the dynamism of a place like Salem is part of the critical process, I think, that makes everything successful.

The examples of government involvement in Salem's restoration abound. There are hundreds of historic buildings in Salem which contribute to 14 districts that are listed on the National Historic Register. Twenty-four additional structures of special importance are included separately. Under State authority, four largely residential historic districts have been set up and are regulated by a city historic commission.

In the 1970's, large scale urban renewal and the historic preservation projects were undertaken in downtown Salem with substantial Federal participation. Four historic buildings in Salem are currently undergoing renovation with the support of Massachusetts Historic Commission grants.

Government involvement in historic site designation and historic preservation has already produced a beginning in Salem. Public programs have helped to consolidate private investments in the residential neighborhoods and encouraged rehabilitation in the downtown. While the physical condition improved over the last decade, publicity generated by these efforts produced favorable coverage in guides like Michelin and additional visitors and tourists.

The combination of tourism and local residential and professional communities has supported a diverse set of service businesses in Salem. Carpenters, craftsmen, artisans, and contractors have been drawn to Salem by preservation and restoration activity.

On the other hand, Salem's retail base is making a transition from traditional full-service downtown shopping to an undetermined mix of specialty operations. Some retail businesses such as the successful Derby Square Bookstore, although drawing on local support, believe that the largest component of their business is tourist-based.

In the longrun, there is little question that growth in tourism is critical to ensuring Salem's economic health through the expansion of commercial activity. And without new sources of revenue, it will be difficult to finish the job of restoring Salem as a national historic treasure.

Experience has demonstrated the close connection between tourism, historic preservation and economic activity here in Salem, and I think elsewhere around the country. Historic preservation has been the catalyst in the past for economic renewal. It should be used again here for a national purpose. With a broad perspective and a goal to preserve not only buildings but the fabric and dynamic character of Salem, we will succeed.

The timing is propitious. The Salem Partnership has brought together the leading individuals and institutions of Salem in common purpose. Historic Salem is privileged to be a member.

We now ask the Federal Government to join with us. Fifty years ago, a national commitment to historic preservation in Salem was made with the establishment of the Maritime Historic site. Historic Salem seeks your support to achieve the goals set a half century ago. We specifically recommend:

(1) The promise of the Salem Maritime Historic Site be fulfilled through a substantial funding increase. The goal should be to raise

the historic site to a 3-star Michelin status, along with the Peabody Museum. Expanded waterfront activity would have a major positive impact on tourism in Salem, we believe.

(2) The National Park Service extend its efforts to assist Salem with the preservation of historic fabric throughout the city with the linkage of historic resources and the management of tourism.

I thank you.

I would like to submit my statement for the record.

[Mr. Guenther's statement may be found in the appendix.]

Chairman SKELTON. Very good. Thank you so much, Bill, and the exhibit will be accepted.

Maureen Johnson.

TESTIMONY OF MAUREEN JOHNSON, EXECUTIVE DIRECTOR, SALEM PARTNERSHIP, SALEM, MA

Ms. JOHNSON. Thank you, Mr. Chairman, Congressman Mavroules.

As evidenced by today's testimony, one of Salem's greatest assets is the strong constituency within the city, county, and State that is committed to the protection of Salem's rich cultural heritage as well as its future economic development.

Salem is a city rich in history and its attention to architectural detail and the availability of relevant infrastructure and it has more than its share of cultural amenities.

Salem is experiencing a change in function, physical environment, and the social fabric which is new to the city. We are at a turning point and the opportunities are endless. However, in order to effectively respond to these many new challenges and opportunities, we must go beyond the reach of any single agency or level of government.

Recognizing the need for unified force to address these common issues and provide direction to Salem's future, a broad-based group of city, county, State, Federal and business leaders formed the Salem Partnership last August and chartered a course which it hopes will lead to a bright future for the city of Salem.

Members of this group, many of whom are here today, in recognizing the positive progress already made by diverse efforts throughout the city, envisioned the even stronger potential for progress if everyone pulls together as a unified force. The formation and incorporation of the Salem Partnership represents a sincere interest and commitment of the public and private sectors to work together in the shared goal of revitalizing and restoring the city of Salem.

Setting down specific objectives, the Salem Partnership was established to serve as a catalyst and as a unifying agency for the various interests involved in the city. The belief of the Partnership is that if risks, resources, and skills are shared in projects related to the revitalization of the city, the partners, and the community in general would benefit.

The Partnership has decided to focus its initial efforts in seven primary areas. They are:

First, and these are not in any priority order, downtown revitalization with emphasis on the enhancement of the retail economy.

Second, promoting and marketing the city as a center for business activity, both regionally and nationally.

Third, parking and access.

Fourth, cultural and educational development.

Fifth, preservation of historic resources.

Sixth, housing and neighborhood development.

Last, growth management.

To date, we have made many significant achievements. Key to our success has been the endorsement we have received from Federal, State, county and local elected officials, Salem State College, the National Park Service, and numerous major local businesses, as well as overwhelming support from the private sector.

Response to our initial capital campaign has been outstanding, and I might say since the endorsement we received from our elected officials in August, including that of Congressman Mavroules, we have already generated more than $200,000 locally in support of the Salem Partnership. Current efforts are on-going to continue to raise funds from the State and local level and to increase participation from area businesses, non-profit organizations, and the local community.

The momentum that has been generated by the Partnership during the past six months demonstrates the strong commitment that these representatives have to the restoration and revitalization of Salem, and represents just the beginning of the potential support and progress which could be realized.

While we have been successful in generating financial and human resources at the local level, Federal assistance is critical in developing Salem's full potential. Support of on-going improvements to the national park site as well as a commitment to expanded historic preservation is necessary for the expansion of tourism, as well as progressive economic development in this area. In addition, financial subsidies for business start-ups will ensure that there will be adequate services for the increased tourist population as well as improved services for the city and its residents. Increased appropriations for more aggressive marketing campaigns will make Salem more competitive as a national and international tourist center as well as enhance its visibility in one of the Nation's richest cultural and historic centers.

With the support of the Federal Government, we are confident that the goals we have set forth will be met in an effective and timely manner, and that Salem's potential as a national and international tourist center will become a reality.

The united effort of the Salem Partnership is just the beginning of an ambitious program aimed not only at enhancing the scope of Salem's cultural resources, but restoring a sense of pride throughout the city of Salem that will benefit everyone in Salem and the entire North Shore Region.

Thank you.

Chairman SKELTON. Thank you so much. Mayor Salvo.

TESTIMONY OF ANTHONY SALVO, MAYOR, SALEM, MA

Mayor SALVO. Chairman Skelton and members of your staff, let me welcome you to the city of Salem.

Congressman Mavroules, a special thanks to you for bringing this subcommittee to Salem, and more generally for all of your efforts on our behalf.

As you may know, the city of Salem historically played a pivotal role in the development of our Nation. Salem was the maritime capital of the world, with 5 percent of the entire national budget being financed by revenues from the Salem Customs House.

Since then, of course, the city has changed in many, many ways, but because of that history and other periods of our past, which have gained us much notoriety, our city is in an enviable position and our attractiveness to visitors cannot be overstated.

This year, close to one million visitors came to Salem to visit our museums, our other tourist attractions, and our historic buildings. All of which illustrate the city's rich history.

This tourism activity is vitally important to the economy of our community. As a result of it, hundreds of jobs are provided to local residents. Property tax revenue is generated from the establishment and expansion of tourist-related businesses and the visitors and attractions create a renewed vitality for our community.

As our largest industry, we must continue to utilize tourism as an important economic development tool and promote increased efforts to enhance this component of our economy. Locally, we are devoting time, energy, and funds to the physical restoration of our historic city, particularly its buildings and infrastructure.

In addition, we attempt to provide the city services necessary to foster our tourism industry and have initiated a billboard marketing campaign which has been very, very successful.

The State government in cooperation with us is also working to promote our local assets. We have benefited greatly from the participation and hope to benefit further with future efforts. The Federal Government, most notably at the Salem National Maritime Site, is also working cooperatively with us to promote its resources for the benefit of all of Salem.

As we work together to further improve our local tourism economy, it must be important that the local, State, and Federal governments cooperatively embark upon efforts with which we can all be proud.

With regard to the specific role of Federal Government, I would encourage and urge you to continue to adequately fund our national park sites. Our national maritime site, the oldest in the country, is one of seven cornerstones of our tourism economy. We have just celebrated its fiftieth anniversary and working with the Park Service have initiated an entirely new set of projects to expand the site, rehabilitate its existing building stock, and create an environment which will provide a comprehensive framework within which our tourism efforts can flourish. The Congress must continue to fund proper maintenance of these facilities in addition to needed capital improvements so that these sites can continue to progress.

In addition, I would like to have your support for legislation House Number 2357, which calls for the establishment of a nonprofit federally-chartered Tour U.S.A. promotion cooperation.

The role of this cooperation, which is the coordination and implementation of efforts to encourage travel to the United States, is a much needed one, and its benefits would be significant to many communities throughout the Nation.

In conjunction with that, I would suggest that the Congress be energetic in its support of increased tourism marketing efforts which are crucial to the continued success of our tourist attractions. In the past, we have been very successful at creating environments which are attractive to tourists, but not as successful as marketing them to potential visitors. We must do a better job marketing our product, particularly since it is a high quality one.

I would also recommend that the Congress become more involved in the provision of financial assistance for the start-up and expansion of businesses which are directly or indirectly involved in the tourism industry, whether it be the establishment of a local museum or the initiation of a business which is dependent upon tourists and visitor clientele.

Our Federal, State, and local governments must provide necessary financing to allow these businesses to start-up and grow. There are numerous success stories on many such endeavors which could not have been begun without some type of assistance. We must continue to foster this type of business for the local economic rewards are great.

Finally, I would urge the Congress to continue to support the historic preservation of our cities and their building stock. Through these efforts, we can preserve the architectural and historical character of our communities and create a higher quality tourist environment.

In the past, Congress has been outstanding in its work in this regard. Such efforts should continue.

The city of Salem has a history unsurpassed in most communities in the Nation. Our witchcraft history, our maritime trade, and our architecture provide a framework through which the tourism economy can flourish. With your assistance, we have done a great deal to promote this component of our economy, and its benefits have been substantial.

In closing, I want to thank Chairman Skelton for taking time out of his busy schedule to visit the city of Salem for this hearing. In addition, I want to thank all of you for having a concern for tourism. Such an important element of our national economy.

Let me again thank Congressman Mavroules for his cooperation and help. We are fortunate to have his services.

Thank you very much.

Chairman SKELTON. Mr. Salvo, for myself, I would hasten to say that this is an absolute delight coming to your community, not just for its historical point of view, but also meeting the people here and knowing of how proud you must be to be their mayor and I know how proud my friend Nick is to represent you all.

Thank you.

Mayor SALVO. Thank you very much.

Chairman SKELTON. Cynthia Pollack, you have with you our friend from Washington, Priscilla Baker, and I welcome both of you.

TESTIMONY OF CYNTHIA POLLACK, SUPERINTENDENT, SALEM MARITIME NATIONAL HISTORIC SITE, U.S. PARK SERVICE, ACCOMPANIED BY PRISCILLA BAKER

Ms. POLLACK. Thank you.

Chairman SKELTON. Would you pull that just a little closer?

Ms. POLLACK. Mr. Chairman, is that better?

Mr. MAVROULES. Speak right up to the mike.

Ms. POLLACK. Members of the subcommittee, Congressman Mavroules, I would like to thank you very much for inviting me to participate in this hearing, to discuss the work the National Park Service is doing in tourism and what we do to help small businesses. We believe that the many small businesses that operate in and around national parks have benefited from the domestic travel increases of recent years and we expect that this trend will continue.

The National Park Service has seen a steady increase in the numbers of visitors from year to year, almost without exception, since we began visitation data. With the exception of the years in 1970's when gasoline supplies were low, public use of the National Park Service has increased at a slow but steady rate.

There are more than 300 units of the National Park system located in 49 States and three of the American territories. These national parks, national historic sites, national monuments, and other areas currently attract approximately three hundred million recreation visits a year. That figure increases each year at the rate of 3 to 5 percent.

Within many of the national parks, privately-owned and operated businesses provide special services to our visitors, and while the majority of these businesses are small, by definition, family-owned and operated, sometimes employing fewer than half a dozen people, there are also concession facilities in some parks that are operated by major concessions.

Outside the boundaries of these parks, in small communities that we call gateway communities, more small businesses offer overnight accommodations, shops, services for motor vehicles, and other essential help for travelers who visit our national parks.

Given total national park annual visitation of three hundred million, it is fairly obvious that park-related visitor expenditures are substantial. As we know, the direct impact of the expenditures of the travelers' dollars is only the beginning of the roll-over effect that increases the impact of those expenditures many fold.

Estimates of the multiplier effect of that expenditure of the travelers' dollars have ranged from 1 to 12 to 1 to 17 in recent years, depending on whose study you read.

The effect of these expenditures is so significant that more and more efforts are being made by the industry and by State and local tourism organizations to draw additional visitors to the national park areas and other attractions. We have established a small tourism office within the office of the director of the National Park Service. That entire office is with us today. And through that effort, we have begun to effect industry marketing programs so as to change visitation patterns that have posed problems for the national park management, trying to even out the visitation during the year. Industry organizations have also provided us with information and help that has not been available to us previously. Our efforts to protect, preserve, and interpret America's greatest national and historical resource has only been enhanced during these relationships.

For example, on January 27 of this year, the National Tour Foundation presented the National Park Service with a gift of $50,000 to be used to develop new interpretative programs at the Edison National Historic Site in New Jersey. Here in Salem, for example, we have just now begun consulting with the Salem Partnership, which is seeking to improve the area's tourism infrastructure and marketing potential.

Our first national conference on tourism and parks was held earlier this month and to benefit managers of lands and historic sites from ours and other levels of government and owners and operators of small businesses related to these areas. I have provided a copy of the conference program for the record.

Chairman SKELTON. Yes. We will accept it as an exhibit. Please state the name of it.

Ms. BAKER. You have copies of the program for this conference in your information packets. The name of the conference was Tourism and Parks. It was our first national conference on tourism and parks.

Chairman SKELTON. Thank you.

Ms. BAKER. No fewer than six presidents of major national travel industry organizations were there to teach and to lend encouragement to this effort. In addition, the top academicians in tourism conducted seminars to provide the best available training in such subjects as marketing and statistical methods related to tourism.

Several years ago, eight travel and recreational industry organizations contributed their top marketing and communications people to work with us for a week to develop a marketing program for Voyageurs National Park in northern Minnesota. The result of that project was to increase travel to that area by 149 percent in the first 6 months following completion of that project. We have developed innovative approaches to marketing elsewhere, as well.

We welcome this opportunity to serve as a catalyst in projects that are designed to bring like interests together and to meet shared goals.

Mr. Chairman, your letter to the Secretary of the Interior Hodel also has invited comments on House Bill 2357, a bill that will provide for a Tour U.S.A. promotion corporation. We have not yet completed the review of that bill, but we expect that our recommendation will be in the Secretary's office shortly.

This concludes our formal testimony, Mr. Chairman, and it has been a pleasure to have an opportunity to meet with this subcommittee and to provide you with information on our tourism program and our efforts on small business throughout the United States.

I would be pleased to answer any questions that you have.

[National Park Service booklet may be found in the appendix.]

Chairman SKELTON. Thank you.

Also, Ms. Pollack, I wish to thank you for the excellent tour that you and your friends provided us this morning of your very historic city. We are most appreciative.

Priscilla Baker, do you have comments?

Ms. **Baker**. I have no additional formal comments, Mr. Chairman.

I would like to point out, however, that we heard, earlier this morning, testimony from people who have been preoccupied of late with marketing tourism to the United States from other countries. This is a terribly important effort and one with which the National Park Service cooperates as resources are available for that purpose.

However, the National Park Service's tourism interest is primarily with respect to domestic tourism. I am sure that it will be of interest to the subcommittee to know that in the last year, as number of visitors from foreign countries have increased, domestic tourism has decreased in the United States, speaking very generally, by about the same percentage. I think we need to devote a little more thought to how we can beef up our domestic tourism promotion efforts even as we strengthen the efforts of USTTA to bring more visitors from abroad.

Chairman **Skelton**. Very well. Thank you so much.

Congressman Mavroules.

Mr. **Mavroules**. Well, thank you very much, Mr. Chairman.

Let me thank all of you for your wonderful testimony here this morning.

Mr. Fetchko, let me thank you one more time for giving us the opportunity to have this hearing in such a historic place. It is just beautiful. I am sure the chairman appreciates the surroundings. As a matter of fact, I am going to try to get him to go downstairs before we go to the airport and spend a couple of bucks from Missouri in the nice bookstore we have.

Let me thank all of you.

Mr. Mayor, let me also commend you for your leadership here in the city of Salem. The Salem Partnership, as you well know, is extremely important not only to your community but to the entire North Shore area. We are trying to expand that at the present time.

I might inform you and share with you a talk I had with my friend and colleague in Peabody, Mayor Torigian, who has an interest in Salem Partnership and perhaps would like to consider even an investment in the Salem Partnership. I think that is a heavy step forward.

Also, Mayor Scrilous, the newly-elected mayor in Gloucester, indicated he, too, would like to be involved. So, we have a regional process working.

I certainly want to thank you for your cooperation and your investment, your city investment, into that leadership role. You have done a good job, Tony, and I appreciate it very much. Cynthia and Maureen, I cannot commend you enough for putting it together. Mr. Chairman, we have an obstacle out there. When I have an obstacle, I turn Cynthia and Maureen loose and, boy, we break that down in no time. I think because they get on a path that they want to see succeed, I think we all bend over backwards to get it done because we do not want to listen to them too often. But you are doing a great job, and I truly, truly appreciate it.

Bill, thank you for your enthusiasm, and it's people like you that we need to continue here.

I have a number of questions, but I am going to submit them for the record, and I would expect a reply back from all of you.

Joan, you caught my eye a little bit in the top paragraph of the final page. It is something that I have been talking about for a number of years, and something that is needed.

In order to be successful in whatever we may do, you have to have the free flow of traffic. I remember when I was serving as the chief executive, I took what I believed was a very objective and forward position to have a road, a connector, through Peabody and Salem, to get people to and from the communities and also to the highways, and break up the deadlock from Swampscott to Marblehead, the beautiful coastal areas down there that we have. I noticed in your remarks that we can achieve much more, we need serious investments in an access road, and I would hope that you would continue the interest that you have with relation to an access road.

That does not necessarily mean a connector, but we have to improve the highway system in order to make anything work. Without a good highway system, and a good infrastructure, it just simply is not going to work, and I might say that I think we have finally a resolution to the problem in the Salem-Beverly Bridge, working toward that. We will be meeting some time in May with all the officials, including the Coast Guard, and maybe we can put that one to sleep after 17 years of a lot of bull. I think we have finally pulled that one together and we are going to be able to put that one to work.

So, Mr. Chairman, I really do not have any questions I want to ask, but I wanted to share with you my feelings with the people who are here this morning, and the great enthusiasm that they bring with them. That is why we are going to succeed.

Chairman SKELTON. Thank you so much, and as Mr. Mavroules pointed out, the record will remain open for 30 days and he, or I, may have questions we wish to put to the witnesses. Please get your answers back to us within that 30-day period. It would be most appreciated.

I want to thank Ms. Gormalley and Mr. Salvo, especially for what they said about Congressman Mavroules. I cannot emphasize enough his interest in this area, this part of the country, and his home area. It will succeed, not just the project for which you just referred, but I think you will succeed in your entire efforts when it comes to tourism, because of your painstaking and persistence, we appreciate that.

We appreciate them in Congress, as well, as I know you appreciate them here.

Mayor Salvo, thank you for endorsing my bill. It is good to receive Massachusetts' assistance on the promotion of U.S.A. foundation. I think it is one of these proposals that will take a period of time to generate, but I think in the long run, we will end up with a foundation similar to the Boy Scouts of America, the VFW, the American Legion, which will assist us in promoting America, not just from without but, Ms. Pollack, Ms. Baker, from within. We appreciate your help and your endorsement and, Ms. Pollack and Ms. Baker, we will look forward to your comments on the bill in the next few days.

Maureen Johnson, you referred to the sort of partnership as being a unified force. This is really what we need on the Federal level. We need the Federal unified force making everyone work together.

My experience, for instance, in attempting to put together support for my proposal, my bill, we find many segments of tourism all wanting to fly off in their own direction rather than pulling the same load of hay, and once we realize that we are all on the same team, and we all wish to promote tourism and encourage understanding of the great American heritage that we have together, we are going to be successful.

I think that you and your partnership have set an excellent example and we hope we can follow that on a major scale.

Bill, we appreciate your comments, your being with us. One reason that the museum is such an outstanding place is that Mr. Fetchko is a graduate of the institution of higher learning in my State, the State of Missouri, and you just cannot get away from it, can you, Nick?

Ladies and gentlemen, thank you.

We will now go to the third panel.

Mr. MAVROULES. Thank you.

[Pause.]

Chairman SKELTON. Thomas Leonard, the senior vice president of the Salem Five Cents Savings Bank. We also have with us Ben Strohecker, the president of Harbor Sweets of Peabody, MA. I am getting better, am I not?

Mr. MAVROULES. A little bit.

Chairman SKELTON. Good.

Mr. MAVROULES. Keep working, Ike.

Chairman SKELTON. Biff Michaud, Michaud Bus Lines, Salem, MA.

I have a lot of fun with my friend, Nick, and his accent, and now it is his day to get even with me. So, if you will pardon my Midwestern pronunciation, we will get along fine.

Mr. Leonard, please.

TESTIMONY OF THOMAS LEONARD, SENIOR VICE PRESIDENT, SALEM FIVE CENTS SAVINGS BANK

Mr. LEONARD. Mr. Skelton, Congressman Mavroules, my name is Thomas Leonard, and I am the senior vice president of the Salem Five Cents Savings Bank.

It is a pleasure to be here today to represent the banking community and to discuss the continuing interest that the Federal Government has exhibited in Salem and how that interest will have a marked effect on Salem, the county seat, and all of Essex County.

We, as a community, are particularly grateful for the efforts of Congressman Nicholas Mavroules for his continuing interest in both the city of Salem and to the entire region he represents.

Salem is the seat of the County of Essex and has long played an important role in the overall economic well-being of this county. Most particularly, in the tourist activities of the area.

The city of Salem is blessed with a number of historically significant structures and sites and annually hosts hundreds of thousands of visitors who come to share in our history. These visitations to Salem are just part of a larger program of tourist activity on Massachusetts' North Shore, as Salem is just a small part of a much larger picture.

Visits to Salem are usually followed by greater exploration of the many historic treasures to be found in the area from Gloucester to Marblehead. Last year, the Salem Five Cents Savings Bank, along with other major city banks, joined the Salem Partnership, which is a non-profit organization, formed to foster cooperation between the public and private sectors.

The partnership, as you have heard from its executive director, Maureen Johnson, has adopted seven very aggressive economic objectives which, when achieved, will have major positive impact on Salem and this entire region. That decision to join the partnership appears to be a good one for the banks in this community, the customers we serve, the city of Salem, and this entire region.

Many bankers actively serve the partnership in a number of capacities, and we all feel quite strongly about the positive effect this new coalition is having on the region. Other presenters have spoken of the specific goals and achievements to date of the Salem Partnership, but suffice it to say that this cooperative effort is about to pay major dividends for this area.

Essex County and Salem, in particular, will be a major beneficiary of the Federal Government's plans to expand the Salem National Historic Site. The overall economic effect that that action will have on the region will be substantial. Bankers have long recognized the effect that increased levels of activity have on the area's economic vitality.

As more and more visitors are attracted to this region, the admissions fees they pay, the meals they eat, and the remembrances of their visits that they purchase, all bring a level of increased economic viability to the region as a whole. Small retailers, restaurant owners, and historic site operators are all the beneficiaries of this increased business activity.

Banks have been able to expand lending activities and the economic revitalization cycle continues on and on. The major beneficiaries of this activity are the citizens of this area. Increased business activity promotes job opportunities. Increased employment allows the expansion and improvement of the area's housing stock. Better housing and all of the attendant increases in the standard of living and quality of life in this area is a most positive by-product of the business cycle that is improving and growing.

Salem and this region is now growing, and we expect this growth to continue indefinitely, due in part to this new spirit of cooperation now so prevalent in the city. On behalf of all the financial institutions in the city of Salem, and the County of Essex, I want to urge the United States Congress to continue to view Salem and its historic treasures as a city of promise worthy of your on-going attention.

The preservation of the historic fabric of this city is important. Every day, we see manifestations of that activity everywhere in our region. The Salem Partnership is a major player and co-generator of this process, and cooperative efforts from the Federal, State, and local governments, along with private sector commitment, exemplifies how progress through cooperative effort can be achieved.

The community of Salem is most encouraged by the Federal Government's interest in our city, manifested by activities, such as this hearing, which is being conducted here today, and we urge your continuing interest in our city and the region that we live in.

Thank you very much.

Chairman SKELTON. Thank you so much. Mr. Strohecker, please.

TESTIMONY OF BENNEVILLE STROHECKER, PRESIDENT, HARBOR SWEETS, SALEM, MA

Mr. STROHECKER. Mr. Chairman, Congressman Mavroules, I would like to give you a brief background on our company, how the Salem experience has affected us, how we have contributed to the experience, and how we expect to continue to contribute to the experience.

I am Ben Strohecker. I am owner and founder of Harbor Sweets here in Salem. Harbor Sweets started 15 years ago as a hobby to make the best piece of candy in the world regardless of cost.

The presentation is nautically oriented which, strangely enough, seems to have as much appeal in your State of Missouri, Mr. Chairman, as it does in Salem.

Chairman SKELTON. Let the record show that you pronounced the name of the State correctly.

Mr. STROHECKER. Our distribution is national, through mail order, and I am going to digress from the testimony for a moment. I received this this morning. Somebody put it in my hands as I left because it seems to have significance.

It is a card from someone in Geneva, IL, asking for information, and he says, "I'd rather go to Salem than heaven providing I had an ample supply of Harbor Sweets."

Mr. MAVROULES. I wonder who put it in your hands.

Mr. STROHECKER. Our distribution is also through quality gift shops throughout the country, hotels, restaurants, and through the Customs Chocolates we have created for institutions and businesses, including the Smithsonian Institution, Metropolitan Opera, various symphony orchestras, and some of the national tourist attractions, such as the Minute Man National Historic Park, Mount Vernon, Colonial Williamsburg, plus, of course, the local creations, the new Peabody Museum, Friendship Clipper Ship, carrying a cargo of rare ginger, the House of Seven Gables, and the ever-present Salem Witch for the Witch Museum. All of those things were consumable evidence you had up on your table, but I do not see any left.

Our move from my basement to Salem 10 years ago symbolizes perhaps the spirit of Salem. The area where we were offered space, an old warehouse, prompted our landlord to suggest that we reinforce the bars and board up the remaining windows because we were in a bad Hispanic neighborhood. We did the opposite.

We removed the bars and boards, put glass in the windows, in effect, said to our neighbors, we trust you. and we hope you will trust us, too. We have never had an unpleasant incident, and many of our neighbors are now key employees or our supervisors. We now have 150 employees in our peak season, employees who represent a marvelous mix, best put by Ruth Mehrtens Galvin in her flattering article in the Smithsonian Magazine, and I quote, "I drove out to my favorite local chocolate supplier, a pristine little red and white converted factory known as Harbor Sweets, down by the Salem waterfront. There, women of all ages, education, and background, the mayor's wife," not our current mayor, "and fire chiefs, college graduates, and the retarded, members of the Eastern Yacht Club, Fins, Domenicans, and Vietnamese, work 4-hour shifts under the motto 'love is a quality controller.' "

We have no time clocks for employees who do pretty much what they most enjoy doing. We have no credit checks for customers, and we are proving that trust is a powerful business tool.

A major article in Gourmet Magazine by Irene Cobally Kuhn summarized our strategy: "Harbor Sweets, by its very idiosyncracies, seems to attract able, energetic, unusually-intelligent individuals who take as much pleasure in the company's triumphs as does the owner himself."

Our sales now exceed $2 million. We are relatively debt free, and we are growing at an annual rate exceeding 20 percent. We are apparently newsworthy. In addition to the articles I referred to in the Smithsonian and Gourmet, we have been visited by several television crews, including NBC, the Today Show, and Evening Magazine. Yesterday, the New York Times had an excellent article about us and about Salem.

Chairman **Skelton**. If I may interrupt at this time, without objection and with your concurrence, Mr. Mavroules, I have a copy of the Anne Driscoll New York Times article before me, and I would like this to be a printed part of this record and, as I say, without objection, we will make it such.

Mr. **Strohecker**. Thank you, Mr. Chairman.

Our greatest and most profitable sales growth comes from our shop right here in Salem, where sales this year will gross about $200,000. An analysis of what is happening in that shop might be helpful to understand the power of Salem to tourists.

Bearing in mind that we are so far off the tourist track, that we are practically impossible to find, and bearing in mind that most chocolate makers write off the summer months as being too hot for their fragile product, lay off their employees and close shops, you will marvel with me in hearing that in the three summer months of 1986 and 1987, our shop sales increased 121 percent.

How did that happen? The majority of our customers were tourists on vacation. Although they flattered us by saying we were on their itinerary, and they were perhaps motivated by one of the half million maps we distribute showing the way to Salem, they made it clear they were not going to leave Salem before they saw the House of Seven Gables, the Museums, and the Customs House. This has allowed us to employ crews all summer long, help even out our cash flow, and minimize our fall start-up loans.

Efforts on the part of the city, the Chamber of Commerce, as well as all of us individually have helped, but the prospect of the united effort to the Salem Partnership coalition adequately funded suggests an overwhelming success for tourism in the area. That success will be further assured as a result of the new dynamic which I am seeing now for the first time, and that dynamic is represented by an entirely new way of thinking.

Instead of each of us operating a separate entity, each lifting up the unusually rich cultural resources of Salem in our own style, we are now in addition developing that phenomenon which occurs when a combined force exceeds the sum of its individual forces.

I hear participants reaching out, not just to local tourists, but to world tourists, and I hear us reaching out to each other in a common effort. The single phenomenon, Mr. Chairman, will assure the proper return on federally-funded investments on behalf of tourism in the area, particularly as they involve the Salem Partnership, under the leadership of Maureen Johnson.

A final point. Perhaps an offer. In 1989, I am taking a year's sabbatical from our company. The purpose is twofold. One is to prove that Harbor Sweets is not a one-man show, and to devote a year to public service.

I suspect many people think of doing this some time before they die, but too often they die before it happens, and I sincerely hope I can avoid that. I am pursuing a number of specific projects, but if this effort we are speaking of today becomes reality, I will offer a large block of my time to help support that effort.

Thank you for giving me and Harbor Sweets an opportunity to testify.

[Mr. Strohecker's statement and New York Times article may be found in the appendix.]

Chairman SKELTON. Thank you so much. Mr. Michaud is next.

TESTIMONY OF BIFF MICHAUD, MICHAUD BUS LINES, SALEM, MASSACHUSETTS

Mr. MICHAUD. Mr. Chairman, Congressman Mavroules, my name is Bruce Michaud, nickname is Biff, and I am formally president of Michaud Tours and former vice president for International Marketing for the Michaud Companies, one of America's oldest transportation companies.

My specific duties over the last 15 years dealt with national and international marketing. I have been a member of TIA, NTA, ABA, USTOA, SKAL, ASTA, just to name a few, and have served on many of the planning committees of different organizations, such as the planning committee for Travel Industry Association of America's International Pow-Wow, and the NTA and ABA conventions.

I have worked very closely with tour operators and airlines, Amtrak and cruise lines, to promote their travel products and our travel products.

I am presently the curator of the Salem Witch Museum, one of New England's most visited museums, attracting over 300,000 visitors per year. However, today, I am here to represent the transportation industry.

It goes without saying that tourism is vitally important to our area, our country, and my company. Our county and State as well as our Nation, have all done a good job in promotion of tourism, but there is much to be done. We have worked with many organizations over the past decades to promote our company worldwide and, today, enjoy an unblemished reputation for professional service to the public, a reputation that we are justly proud of.

However, I wish to depart from the normal format and make a fact-filled statement that I hope you will consider when you return to your Washington offices.

Nobody stated today that our region of America is America's birthplace. We are blessed in New England with more historically important places per square mile than any other region in our country. There is something here for everybody. No place in America contains so many historic sites that date back over 350 years. The oldest homes, schools, museums, and industries are all located here.

From our breathtaking rocky coastline to the snow covered mountains, our beautiful farm lands to our unique fall foliage, our beauty is enjoyed by millions every year. Over the past decades, each region promoted their areas individually, one against the other, each claiming to be a destination. Each discovering that they were only kidding themselves and needlessly spending a lot of money to capture what turned out to be only a few people.

It was not until the early seventies with the establishment of organizations, such as the then USTS, TIA, NTA, and ABA, to name only a few, that the concept of cooperative advertising proved to reach more people with more product for less money. Modern day tourism was really born in that era.

Areas of the past that attracted tens of thousands of visitors got together and developed promotions that included museums, restaurants, hotels, and other interesting things to see and do. Special events were added to give people more reason to extend their visits an extra few days. What was then tens of thousands of visitors now in some cases became millions of visitors.

Destinations were born, countries competed against countries, States against States, each offering more incentives to visit their area. Tourism really was born and began to catch fire in recent years. Cooperative advertising has really proven to be a winner. Just in Massachusetts alone, our advertising budget for tourism has grown from a few hundred thousand dollars to over $10 million in just the past couple of years, and as Dick Rust stated earlier, there is no end in site.

Tourism promotion returns $19 for every dollar spent. Where else can you get such a return on investment and make no mistake about it, tourism promotional budgets are an investment and not an expense.

We are at a critical time in tourism as I speak, with the tremendous trade deficits of recent years and the weakening of the American dollar, America has become the place to visit throughout the world. Everything is cheap in America. The Yen, Mark, Franc, and Pound all buy more here today than the dollar does abroad.

Japan jokingly refers to us as the world's bargain basement. If we as a region, State, and country play our cards correctly, and jointly promote America Today, we have the great chance to import more tourists than we export. This helps the trade deficit with foreign money being spent on our shores.

The travel industry has come from oblivion and within the next 10 years will become the world's number one business. America stands a chance of becoming one of the top destinations in the world. We are in the proverbial right place at the right time!

We are a miracle country, and once again have a chance to lead in another revolution, TOURISM. If we invest now, we will reap the benefits NOW! The year 2000 is tomorrow and we stand in a great position today. With your cooperation and investment, we cannot lose and what a position to be in.

[Mr. Michaud's statement may be found in the appendix.]

Chairman **Skelton**. Thank you so much, Biff, for your excellent testimony.

We wish we could take that to heart. We need to.

Congressman Mavroules.

Excuse me. I need to put in the record the statements submitted by Michael J. Harrington. Without objection, I will place it in the record at this point.

[Mr. Harrington's statement may be found in the appendix.]

Mr. **Mavroules**. Well, thank you very much, Mr. Chairman.

Let me thank all three of you. You personally have success stories, as I see it. Tom, you are doing a great job with the financial industry. Benneville, that is quite a story you have there and, of course, I have known Biff and his family for so many years and that, too, is a great success story.

The bottom line, do you truly feel that if we make a bigger investment on the Federal level, the Federal level, which, of course, filters down to the State and local levels, it will have a favorable impression, favorable expansion of the tourist industry?

How can we best do that? You know, one of the things in public life that Ike and I have to balance on occasion is do we throw more money at a problem or do we step back, take an objective view, and perhaps not throw more money, but save more money in particular areas.

How can we get down to the bottom line and improve the image of our country, particularly overseas? We talked about Japan. At least we have a budget surplus when it comes to Japan in that one particular area, although they beat the pants off us about $60 billion a year, which I do not blame them for. They promote. They have their priorities in place, I believe. We can learn from that.

What, in your judgment, can we do better to improve the tourist industry, of course, which expands the entire base? Can you help me with that?

Mr. **Michaud**. I would like to answer, if you do not mind.

Congressman, for the past 15 years, I have been to Europe 26 times promoting our company to European tourists. One of those visits led to a promotion that we did with the BBC that promoted New England as a destination, something that has never been done before.

The BBC came over with eight film crews and spent one month filming all over New England. I took a leave from my dad's company at that time and took them around to show them what we had, not only in the Boston area, but all over the 6-State region here, and that showed on the BBC on a very heavy rainy night and got the highest rating by any show ever shown on the BBC, and our company alone got 10,000 responses for information.

We were one of the companies that was featured there. Working with, in the early seventies, the then-U.S. Travel Service, now United States Travel and Tourism Administration, one of the things that I noticed was a critical need and we were going through a big period of anti-American hatred with terrorism and so on, one of the things that I noticed and that was really very disheartening to especially the offices in Germany, anywhere in France and Italy, in some cases, our offices for tourism promotion are on the sixth floor of just a side street and you have to look for the number. In England, at one time, I think it is still there, it was on 22 Sackville Street, and you had to go in, go up to the third floor and it was a rickety old elevator to get in there, and we were the only major country without a storefront.

You have dedicated people who work in the worst conditions in the world trying to promote our country, and we do not even have a storefront, and when I asked how come, they said, well, you know, it is a little terrorism and we do not want to put our staff on the line.

But every single major company that had offices abroad and every country that had offices abroad, wherever you walk in the heart of the downtown area, was visible and easily accessed. We have more to see and do in this country with freedom to travel wherever we want, we cannot get visas like Dick Rust said, and that is a problem that, to my knowledge, has been a problem for over 15 years. We do not have visibility.

I do not know whether we are ashamed to promote our area, but we should have the best offices anywhere, and if we did that, I think that that would go a long way to promoting us.

Mr. **Mavroules**. You hit upon a subject here. Do you believe that the threat of terrorism, even now, plays a major role in the European countries and other parts of the world, also?

Mr. **Michaud**. If we let it. We have a band of a few people who are dangerous, but there are millions and millions of people out there who want to travel. Tourism is a post-World War II phenomenon.

For the first time, the blue collar worker talks about going to Europe and going to the Barbados, Japan, and so forth. There were only a very wealthy few who could afford to travel prior to World War II.

So, now, you do not have the great cruise ships like the Queen Mary you have smaller cruise ships that go for shorter time and hit the masses of people. We are the ones who are the victims of our tourism! We are making ourselves the victims of terrorism by just saying, oh, well, we cannot go out there.

American Airlines and Amtrak and other offices have storefronts on the main streets, and as a country, we should do the same and take our chances. We would be benefiting not only the traveling public, but people in this country would have returns on tax dollars and the expenditures of tourism in this country.

Mr. **Mavroules**. I appreciate that.

Anyone else wish to comment on that?

[No response.]

Mr. Mavroules. Mr. Chairman, I do have a number of questions for all of you, but in the interest of time, we will submit them for the record, and we would expect a response from you.

Thank you.

Chairman Skelton. I would hope that you would abide by our 30-day limitation in responding to the questions put to you.

It does seem like we are having problems shooting ourselves in the foot in the area of visas and visibility, and it will be our efforts to try to correct those.

I want to thank a lot of people. Before I do, I believe counsel has one question, is that correct?

Mr. Orban. Thank you, Mr. Chairman.

I will not take much time, but, Mr. Strohecker, I found your testimony fascinating.

I was wondering, especially about the tourists and people who just want to come to Salem and stop by your shop and then see the other attractions that Salem has, do you promote your place as a destination in and of itself or is it just a shop that sells candy and people seem to come from all over to purchase candy there?

Mr. Strohecker. Well, bear in mind that about a third of our business is mail order.

Mr. Orban. OK.

Mr. Strohecker. We invite our mail order customers to come visit. We are mailing about a quarter of a million mail order catalogs a year, and there is a map in every package that goes out. So, we are encouraging them to come, and I think that they tell us that, for example, if they are planning their vacation itinerary and sitting around the kitchen table in Trenton, N.J., that they want to see L.L. Bean and they want to see Harbor Sweets, and that brings them to Salem.

Mr. Orban. I guess what I find fascinating is that they can mail away for it, so they can get the candy without much trouble, and, yet, they go out of their way presumably to come and see your shop.

Do you think they are coming to get the candy or do you think they are coming to participate in the idea of the type of company that you have? I say that because you mentioned L.L. Bean. It seems now to be a destination because of the concept of the company, I think, and maybe we are promoting the wrong thing here, I do not know, but it seems to draw a lot of people because of the type of company they have.

Is that your experience?

Mr. Strohecker. I think the answer is both, really. We are strange, a little unusual, and I think people want to see that. I was raised in the area of Hershey, PA, and I remember when Hershey was still giving tours and they just had a phenomenal number of people who were anxious to see candy made. It is a fascinating phenomenon, apparently.

So, I think that is what we are drawing.

Mr. Orban. When people come to your shop, do you give them a tour? Do you show them how candy is made?

Mr. Strohecker. Well, we are not very big. People come in and kind of look around like this, you have had a tour.

Mr. Orban. Thank you.

Chairman **Skelton**. Thank you.

A special thanks to our friend, Nick Mavroules, for the kind invitation to our subcommittee having us up here to this wonderful part of America. This has been absolutely delightful, interesting, informative, and I feel that we made some good friends here.

Hearings such as this give us the opportunity to make America work a little bit better. Democracy is a two-way street. We cannot do any better a job representing you than the people whom we represent let us do. If you do not participate in a hearing or stay in touch with your Member of Congress, we cannot do a very good job, and with the participation here today, I know how proud you must be, Congressman Mavroules, of the people in your area.

I am most appreciative of Cynthia Pollack, Maureen Johnson, and Peter Fetchko for their participation and for their assistance in making this successful.

Our staffs, Richard Gregory, Russell Orban, and Brenda Pulley, and especially Brenda. She is probably the greatest advocate for small business and tourism in the Washington, DC, area. She has put untold hours not just on this hearing but on many hearings. Her dealings will be somewhat changed and this in all-probability will be her last field hearing in the area of tourism.

Special thanks to you, Brenda.

Ladies and gentlemen, this will conclude the hearing for us in Salem, MA. You have been very kind. You have been very helpful in helping us make a record for a better way to view tourism.

As has been mentioned, legislation is pending. Comments and the recommendations have been very helpful.

Thus, I will close this hearing and allow Mr. Mavroules to say the final words.

Thank you.

Mr. **Mavroules**. Thank you very much, Ike.

Let me again express my appreciation to you for taking the time. I know it is very difficult taking time away from your family to spend a couple of days up here in Salem, MA. It is one of the true prides that I have in my entire district.

Again, I want to thank everyone who has partaken this morning. I thought—Ike, you and I have some experience in hearings, and I thought the testimony today was very, very good. Excellent, all the way through.

Let me thank all the citizens who are here today, who sat very quietly through an official United States Government hearing. I am hoping that perhaps you saw some different views, different ideas, that have been coming forward, and I just want all of you to know that we take our work very, very, very seriously.

The hearing perhaps is over, but now we go back to Washington. We review the testimony, and we will do whatever we possibly can do to improve the atmosphere for tourism throughout the country. It is a national endeavor. It is not only for Salem, or Nick Mavroules, or Ike Skelton. It is a national endeavor, and, quite frankly, I think we must make a larger commitment, much, much larger, by the way, to tourism.

Numerous people come to this great, great country that has so many natural resources, and little by little, I think the people like

Ike Skelton will take a very deep role. Others throughout the country are now beginning to move forward.

Number one, Mr. Skelton's bill will raise the awareness factor that is extremely important. So, once we can get that squared away and prioritize on a national level, it will filter down to the States and eventually to the local communities.

So, you have been very helpful. Thank you very, very much for attending and to the staff, thank you for your cooperation, and, Ike, my dear friend from Missouri, thanks for coming up and please give my best to your wife and to your family, whom I have taken you away from this weekend.

Thank you very much.

Chairman SKELTON. Congressman Mavroules, thank you so much.

Ladies and gentlemen who have testified and for those who have been part of this today, I just want you to know I am proud of you.

Thank you.

Mr. MAVROULES. Thank you.

Chairman SKELTON. The hearing is adjourned.

[Whereupon, at 1 p.m., the subcommittee was adjourned, subject to the call of the Chair.]

APPENDIX

OPENING ADDRESS: CONGRESSMAN IKE SKELTON

The subcommittee will come to order. I must say that it is a pleasure to be here in Salem, Massachusetts at the suggestion of my colleague and a distinguished member of the Small Business Committee, Nick Mavroules. Nick has been a dear friend for a long time and I keep telling him whenever I hear him say Missouri-ee that it is pronounced Missouri-uh. He always says: "If you think I have problems pronouncing words in your state, just wait until I get the chance to take you to mine!" So here we are; I don't think I will have any real problem with the accent once I figure out what language you all are speaking.

This subcommittee is almost finished with a series of hearings which we undertook over two years ago to investigate the current relationship between tourism, small business and the government. Tourism is rarely viewed as a serious industry but the facts speak for themselves: Tourism is among the largest industries in the United States. Tourism is among the largest employers in the United States, Tourism is the fastest growing segment of the United States Economy. In addition, tourism brings in billions of dollars each year from overseas and is expected to have a record year this year.

We can no longer ignore or dismiss tourism as frivolous or insignificant; it is a major force in this country.

Right now, America is a bargain for the international traveler. That opportunity will be wasted, however, if we fail to develop our attractions or if we don't let potential customers know what we have to offer. Neighboring countries who have had to compete with us for years spend more of their resources than we do for promotion and advertising. What they know is that it is a tough market out there that requires effort to crack.

Not too long ago, the Administration proposed the elimination of the only government agency that provides cohesive policy and coordination to the travel industry nationwide: the United States Travel and Tourism Administration (USTTA). Congress has defeated that request and I am pleased to say that the Administration has requested funding for the next fiscal year.

The question still remains as to the best way to get all the parts to work together. The bill I have introduced, H.R. 2357, was designed to set up a non-profit, U.S. chartered organization that would work with the USTTA and private industry to coordinate our efforts to promote tourism. This kind of quasi-public group could undertake many activities that the USTTA can not; fund-raising for example. We need this kind of advantage in our efforts to compete for international travelers and we are slowly building a consensus for such a program that will move this session.

It is not enough to simply tinker with the structure of the government; we are here to look at and learn from your innovative ideas. We have been investigating efforts by states, communities and businessmen that make the most of the available resources to take full advantage of existing attractions.

Knowing this was our goal, Nick notified the subcommittee (with justifiable pride, I might add) that we need look no further than Salem, Massachusetts. Here, the city fathers have combined their efforts and made use of a small federal program while bringing together government and businesses in a joint effort to leverage both funds and history to provide continuing growth for the area.

It is the small businesses, he pointed out, who have paved the way and who now stand to benefit.

After touring your city this morning, I couldn't agree more. Your forethought, your rich history and museums such as this one will, I am convinced, be a magnet that provides growth and new business.

Our job is to learn from you and to carry your message back to Congress. I want to know particularly what federal programs, such as the National Register of Historic Places, have been helpful to you. In addition, it would be instructive to know what other programs (state, local or private) have assisted you and what more, if anything, you feel needs to be offered from the government. We are looking forward to having the benefit of the experience of our witnesses here today on which to base our recommendations to Congress.

Finally, we need to be doing all we can to encourage communities to work together with other tourist destinations in their regions to draw more people to the United States. I think the Salem program, in tandem with Boston, as an international destination can be a model for other areas in this regard.

I look forward to our hearing today and I thank my colleague Nick Mavroules and the wonderful people of his district who have welcomed us so warmly!

..................Except for the accent, it feels just like coming home.

Statement of the Honorable Nicholas Mavroules

Congressional Field Hearing
Small Business Subcommittee on Exports, Tourism
and Special Projects
Conducted in Salem, Massachusetts
21 March 1988

Mr. Chairman. I'd like to welcome you to this proud city and thank you for conducting today's field hearing in Salem. I would also like to welcome the subcommittee members and the witnesses who have given their time so generously to be here. I am confident that their efforts will not go unrewarded.

I would also like to congratulate the Salem Maritime National Historic Site on the occasion of its 50th anniversary. Established in 1938, it is the oldest historic site in the US National Park Service. This nine-acre waterfront site was created to commemorate Salem's ships and seamen. It is a rich reminder of New England's early shipping industry, which played a vital role in our new nation's economic development.

During its early years, Salem was one of the nation's major ports. Salem also played a major role during and after the American Revolution: its ships captured British ships and supplies, established trade with European and Mediterranean ports, and opened trade routes to the exotic far east some 50 years before Commodore Perry visited Japan.

As you have seen, Salem is one of the most charming and historically significant maritime sites in the country. It is frequently referred to as the city sea trade built. But, not only is the maritime history of this area the basis for the North Shore's renaissance, the scenic coastal beauty and cultural riches of Salem and environs make this a community fertile for its present restoration efforts.

I expect this to be the genesis of the North Shore's revitalization efforts that will soon include and benefit all the 6th District's communities. Salem is a prime example of the accomplishments that can occur when local, state, and federal entities work cooperatively for the betterment of the community.

And I refer not only to government entities; businesses large and small are important ingredients in this recipe. As a member of the Small Business Committee, I am particularly sensitive to small businesses' importance to our country's economic well being. Small businesses are vital to the tourism industry's health and, conversely, support for tourism is vital to the survival of many small businesses.

Speaking of small business involvement, congratulations to the Salem Partnership and the collective efforts of their membership of behalf of the city of Salem. Their commitment of both time and money is a paradigm of business and community involvement. Working with the city of Salem, they have demonstrated a seldom seen sense of civic commitment and cooperation.

Not only are Salem's varied riches a source of great local pride, but they provide the foundation for a bright economic future. They exemplify the types of opportunities that I'm sure exist all around this nation. Therefore, it is necessary that our government make a serious commitment to supporting tourism and I am confident that this hearing will take up the issues necessary to encourage increased development of the tourism industry.

Tourism is the United States' third largest retail industry, generating $269 billion in total sales and accounting for 7.3 percent of the nation's 1986 GNP. We must recognize that tourism provides one of the few bright spots in an otherwise gloomy international trade picture. Yet, it is an opportunity that has all but been ignored by the present administration.

Tourism is our biggest export earner among tradeable services and the second largest export industry in the United States. For example, in contrast to other areas of our trade imbalance, the United States enjoyed a $1 billion tourism trade surplus with Japan.

Unfortunately, rather than capitalizing on our strengths, we have allowed rhetoric to replace responsible actions. While bemoaning our trade deficit, the United States Travel and Tourism Administration (USTTA) has been shamefully underfunded. In fact, it is only through strong bipartisan congressional support that it has been kept alive.

With less than $12 million budgeted for USTTA for 1987, the United States ranked an embarrassing 45th in per capita spending on tourism at a time when other countries are aggressively expanding their tourism budgets. I must admit to being at a loss to understand why we are ignoring such an outstanding economic opportunity. It is a shame that in a country of such rich natural, cultural, and social resources, that our tourism industry is forced to go begging.

While many localities and states have done an outstanding job in promoting tourism, a collaborative national effort is necessary to coordinate private and public sector marketing efforts. This is where it is necessary for the federal government to become more involved.

Massachusetts has proudly entered international markets in cooperation with other New England states, private industry, and the USTTA and has seen its initial investment doubled in only one summer season.

I look forward to today's testimony. It will demonstrate how both the state of Massachusetts and the city of Salem represent the best of local and state efforts on the behalf of the tourism industry and why we must keep these efforts alive. Their aspirations and accomplishments are examples for the rest of the country.

Thank you.

TESTIMONY OF ERIC C. PETERSON
DEPUTY UNDER SECRETARY OF COMMERCE
FOR TRAVEL AND TOURISM

FIELD HEARING
ON HISTORIC PRESERVATION AND TOURISM
BEFORE THE HOUSE SMALL BUSINESS SUBCOMMITTEE
ON EXPORTS, TOURISM AND SPECIAL PROBLEMS

10:30 A.M.
MARCH 21, 1988
PEABODY MUSEUM
SALEM, MASSACHUSETTS

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE.

THE UNITED STATES TRAVEL AND TOURISM ADMINISTRATION APPRECIATES THIS OPPORTUNITY TO APPEAR BEFORE THE HOUSE SMALL BUSINESS SUBCOMMITTEE ON EXPORTS, TOURISM AND SPECIAL PROBLEMS.

USTTA, CREATED UNDER CONGRESSIONAL MANDATE OF THE NATIONAL TOURISM POLICY ACT OF 1981, IS CHARGED WITH THE RESPONSIBILITY TO:

(1) OPTIMIZE THE CONTRIBUTION OF THE TOURISM AND RECREATION INDUSTRIES TO ECONOMIC PROSPERITY, FULL EMPLOYMENT AND THE INTERNATIONAL BALANCE OF PAYMENTS OF THE UNITED STATES;

(2) MAKE THE OPPORTUNITY FOR AND BENEFITS OF TOURISM AND RECREATION IN THE UNITED STATES UNIVERSALLY ACCESSIBLE TO RESIDENTS OF THE UNITED STATES AND FOREIGN COUNTRIES AND INSURE THAT PRESENT AND FUTURE GENERATIONS ARE AFFORDED ADEQUATE TOURISM AND RECREATION RESOURCES;

(3) CONTRIBUTE TO PERSONAL GROWTH, HEALTH, EDUCATION AND INTERCULTURAL APPRECIATION OF THE GEOGRAPHY, HISTORY AND ETHNICITY OF THE UNITED STATES;

(4) ENCOURAGE THE FREE AND WELCOME ENTRY OF INDIVIDUALS TRAVELING TO THE UNITED STATES, IN ORDER TO ENHANCE INTERNATIONAL UNDERSTANDING AND GOODWILL, CONSISTENT WITH IMMIGRATION LAWS, THE LAWS PROTECTING THE PUBLIC HEALTH AND LAWS GOVERNING THE IMPORTATION OF GOODS INTO THE UNITED STATES;

(5) ELIMINATE UNNECESSARY TRADE BARRIERS TO THE UNITED STATES TOURISM INDUSTRY OPERATING THROUGHOUT THE WORLD;

(6) ENCOURAGE COMPETITION IN THE TOURISM INDUSTRY AND MAXIMUM CONSUMER CHOICE THROUGH THE CONTINUED VIABILITY OF THE RETAIL TRAVEL AGENT INDUSTRY AND THE INDEPENDENT TOUR OPERATOR INDUSTRY;

(7) PROMOTE THE CONTINUED DEVELOPMENT AND AVAILABILITY OF ALTERNATIVE PERSONAL PAYMENT MECHANISMS WHICH FACILITATE NATIONAL AND INTERNATIONAL TRAVEL;

(8) PROMOTE QUALITY, INTEGRITY AND RELIABILITY IN ALL TOURISM AND TOURISM-RELATED SERVICES OFFERED TO VISITORS TO THE UNITED STATES;

(9) PRESERVE THE HISTORICAL AND CULTURAL FOUNDATIONS OF THE NATION AS A LIVING PART OF THE COMMUNITY LIFE AND DEVELOPMENT AND INSURE FUTURE GENERATIONS AN OPPORTUNITY TO APPRECIATE AND ENJOY THE RICH HERITAGE OF THE NATION;

(10) INSURE THE COMPATIBILITY OF TOURISM AND RECREATION WITH OTHER NATIONAL INTERESTS IN ENERGY DEVELOPMENT AND CONSERVATION, ENVIRONMENTAL PROTECTION AND THE JUDICIOUS USE OF NATURAL RESOURCES;

(11) ASSIST IN THE COLLECTION, ANALYSIS AND DISSEMINATION OF DATA WHICH ACCURATELY MEASURE THE ECONOMIC AND SOCIAL IMPACT OF TOURISM TO AND WITHIN THE UNITED STATES, IN ORDER TO FACILITATE PLANNING IN THE PUBLIC AND PRIVATE SECTORS; AND

(12) HARMONIZE, TO THE MAXIMUM EXTENT POSSIBLE, ALL FEDERAL ACTIVITIES IN SUPPORT OF TOURISM AND RECREATION WITH THE NEEDS OF THE GENERAL PUBLIC AND THE STATES, TERRITORIES, LOCAL GOVERNMENTS, AND THE TOURISM AND RECREATION INDUSTRY, AND TO GIVE LEADERSHIP TO ALL CONCERNED WITH TOURISM, RECREATION AND NATIONAL HERITAGE PRESERVATION IN THE UNITED STATES.

MR. CHAIRMAN, TWO WEEKS AGO, PRESIDENT REAGAN, COMMERCE SECRETARY VERITY AND BIPARTISAN COALITION OF CONGRESSIONAL AND BUSINESS LEADERS LAUNCHED A NEW INITIATIVE DESIGNED TO ENCOURAGE MORE AMERICAN BUSINESSES TO ENTER THE EXPORT MARKET. THE NAME OF THIS INITIATIVE IS EXPORT NOW.

EXPORT NOW IS BASED ON THE REALIZATION THAT AMERICA OFFERS THE WORLD QUALITY PRODUCTS AT COMPETITIVE PRICES, THAT BECAUSE OF THE FAVORABLE EXCHANGE RATES AND THE DESIRE OF OTHER NATIONS TO ADDRESS THEIR TRADE SURPLUS AS WELL AS AMERICA'S NEED TO ADDRESS ITS TRADE DEFICIT, THE TIME TO EXPORT IS NOW.

USTTA SEEKS TO DRAW NEW TO EXPORT U.S. TRAVEL COMPANIES, STATES, AND CITIES INTO THE INTERNATIONAL MARKET BY:

-- CONDUCTING REGIONAL CONFERENCES AROUND THE U.S. FOR THE PURPOSE OF SHARING, TARGETING APPROPRIATE FOREIGN MARKETS, DEVELOPING JOINT MARKETING PLANS AND BUILDING PUBLIC PRIVATE PARTNERSHIPS. THESE REGIONAL CONFERENCES CULMINATE IN A NATIONAL CONFERENCE IN FEBRUARY WHEREBY FOREIGN TOUR OPERATORS ARE BROUGHT IN TO DISCUSS MARKETING STRATEGIES WITH AMERICAN DESTINATIONS AND INDUSTRY;

-- CONDUCTING MARKET RESEARCH ON THE ATTITUDES, PERCEPTIONS, AND CHARACTERISTICS OF THE FOREIGN TRAVELER. PRODUCING RESEARCH ON VARIOUS SECTORS OF THE INDUSTRY, I.E. LODGING, AIRLINES, CAR RENTAL COMPANIES AND MOTORCOACH.

PRODUCING AN ECONOMIC IMPACT STUDY OF THE FOREIGN VISITOR ON STATES;

-- INITIATING COOPERATIVE MARKETING PROGRAMS RANGING FROM BASIC FAMILIARIZATION TOURS TO MORE SOPHISTICATED PROJECTS SUCH AS SUPPLEMENTS IN TRADE AND CONSUMER MAGAZINE AND T.V. ADVERTISEMENTS ON FOREIGN TELEVISION; AND

-- PRODUCING FULFILLMENT LITERATURE, BROCHURES, MAPS ON U.S. DESTINATIONS FOR THE TRADE AND CONSUMER INQUIRIES.

I'D LIKE TO SHOW THE COMMITTEE AN EXAMPLE OF THE COOPERATIVE PROGRAMS WHICH USTTA UNDERTAKES IN PARTNERSHIP WITH THE STATES AND PRIVATE INDUSTRY.

WHAT WE ARE ABOUT TO SEE ON THE TELEVISION MONITOR IS THE "FIRST-EVER" TELEVISION COMMERCIAL PROMOTING THE UNITED STATES AS A TRAVEL DESTINATION.

IT RAN DURING 1987 IN THE BRITISH MARKET.

IT WAS A COOPERATIVE VENTURE BETWEEN MASSACHUSETTS AND HER NEW ENGLAND NEIGHBORS, TWA, AND USTTA.

AND IT WAS SO SUCCESSFUL THAT THE NEW ENGLAND STATES, TWA AND HERTZ HAVE JOINED WITH USTTA TO DO IT AGAIN THIS YEAR.

LET'S LOOK AT THE TAPE.

(RUN TAPE)

CALENDAR YEAR 1987 WAS A RECORD YEAR FOR THE UNITED STATES AND FOR USTTA.

NEARLY 29 MILLION FOREIGN VISITORS CAME TO THE UNITED STATES IN 1987, GENERATING MORE THAN $19 BILLION IN EXPORT RECEIPTS FOR AMERICA MAKING TOURISM THE LARGEST BUSINESS EXPORT IN SERVICES FOR THE U.S.

IN 1988, THE U.S. IS EXPECTING AN 11% INCREASE IN OVERSEAS TRAFFIC AND ESTIMATES $22 BILLION IN RECEIPTS.

CLEARLY, THE FAVORABLE EXCHANGE RATES NOW ENJOYED BY THE JAPANESE AND THE EUROPEANS CONTRIBUTE TO THIS INCREASE IN AMERICA'S LARGEST BUSINESS EXPORT. HOWEVER, THE PROGRAMS AND EFFORTS OF USTTA IN PARTNERSHIP WITH THE STATES AND PRIVATE SECTOR PLAY AN IMPORTANT ROLE IN INFORMING INTERNATIONAL TRAVELERS OF WHAT THE UNITED STATES HAS TO OFFER.

IN ADDITION, THE RECENT INVITATION BY THE STATE DEPARTMENT TO THE U.K. AND JAPAN TO BE THE FIRST TWO COUNTRIES TO NEGOTIATE IMPLEMENTATION OF THE VISA WAIVER LEGISLATION WILL ADDITIONALLY INCREASE INBOUND TRAVEL.

BUT WHY ARE THESE MILLIONS OF FOREIGN VISITORS OF CONSEQUENCE TO THIS HEARING, WITH ITS FOCUS ON HISTORIC PRESERVATION AND TOURISM?

BECAUSE AMERICA'S HISTORIC SITES ARE IMPORTANT TO THE MILLIONS OF FOREIGN VISITORS WHO COME TO OUR SHORES.

RECENTLY COMPLETED USTTA RESEARCH PROFILING THE INTERESTS AND CHARACTERISTICS OF FOREIGN VISITORS TO THE UNITED STATES SHOWED THAT FOR THE GERMANS, THE SWISS, THE ASIANS, THE FRENCH, THE JAPANESE, AND THE BRITISH, VISITING AMERICA'S HISTORIC PLACES IS AMONG THEIR TOP TEN MOST FAVORED ACTIVITIES.

FOR AMERICANS TRAVELING AWAY FROM HOME WITHIN THE UNITED STATES, TOURING HISTORIC DESTINATIONS IS AMONG THEIR TOP THREE MOST FAVORED ACTIVITIES.

FOR AMERICA'S TRAVEL INDUSTRY, AMERICA'S HERITAGE IS AMERICA'S FUTURE.

AND THAT IS WHY HISTORIC PRESERVATION IS SO IMPORTANT.

IN COMMUNITY AFTER COMMUNITY -- FROM SALEM'S HISTORIC MASONIC TEMPLE, TO BALTIMORE'S TINDECO WHARF, FROM KANSAS CITY'S QUALITY HILL AND GARMENT DISTRICT, TO THE DURANGO AND SILVERTON NARROW GAUGE RAILROAD -- HISTORIC PRESERVATION HAS INSTILLED NEW PRIDE AND VITALITY.

IT HAS CREATED NEW OPPORTUNITIES FOR ECONOMIC GROWTH.

IT HAS CREATED NEW JOBS, AND IT HAS OPENED NEW VISTAS AND ESTABLISHED NEW, INTERESTING AND POPULAR TRAVEL DESTINATIONS. BUT THE HISTORIC SITES ARE VERY FRAGILE.

THEY REQUIRE GREAT EXPENSE TO CREATE AND TREMENDOUS STEWARDSHIP TO PRESERVE.

IN MANY UNFORTUNATE CASES, THE VERY REASONS FOR WHICH THEY ARE ESTABLISHED HAVE BECOME THE VERY FORCES WHICH DESTROY THEM.

SIXTEEN YEARS AGO, A DEPUTY ASSISTANT SECRETARY OF COMMERCE SPEAKING AT THE UNIVERSITY OF MASSACHUSETTS IN AMHERST DELIVERED THE FOLLOWING STATEMENT WHICH I BELIEVE IS AS TIMELY TODAY AS IT WAS THEN.

HE SAID,"SOMETHING HAPPENS TO A TOUR DESTINATION WHEN IT IS DEVELOPED TOO RAPIDLY. IT LOSES ITS APPEAL TO SOME PEOPLE. IT BECOMES 'SPOILED'... DEPRIVED OF ITS UNIQUENESS. AND OUR TOURIST-CUSTOMERS FORSAKE IT AND MOVE ON TO A NEW 'IN' SPOT, WHICH HAS YET TO BE DISCOVERED.

"WE ALL KNOW OF CASES WHERE THIS HAS HAPPENED. THERE IS AN AREA IN THIS COUNTRY -- I WON'T IDENTIFY IT -- WHICH WAS ONCE QUAINT AND RURAL. MEMBERS OF AN OLD RELIGIOUS SECT LIVED THERE

AND THEY WORE PICTURESQUE 19TH CENTURY CLOTHES AND SHUNNED MODERN CONVENIENCES.

"TOURISTS CAME TO PHOTOGRAPH THEM AND LEARN ABOUT THEIR LIFESTYLE. HOTELS, MOTELS, TOUR OPERATORS, GAS STATIONS, DRIVE-INS, FROZEN CUSTARD STANDS AND SOUVENIR SHOPS MOVED IN. SO DID AN AMUSEMENT PARK.

"RECENTLY, A FOREIGN TRAVEL EDITOR CAME TO VISIT THE AREA. HE HAD HEARD SO MUCH ABOUT IT THAT HE WANTED TO SEE IT FIRST HAND AND WRITE ABOUT IT.

"AFTER HE TOURED THE VICINITY, HE RETURNED TO WASHINGTON. 'HOW DID YOU LIKE IT?' SOMEONE ASKED.

" 'IT ISN'T THERE ANY MORE,' HE REPLIED. 'I GUESS IT WAS ONCE BUT YOU CAN'T FIND IT NOW.' "

UNFORTUNATELY, THERE IS A DEGREE OF TRUTH IN THAT OBSERVATION. TRAVEL INTERESTS CAPITALIZED ON A UNIQUE AND FRAGILE WAY OF LIFE AND TURNED IT INTO A SIGHTSEEING ATTRACTION. IN THE PROCESS, THEY LITERALLY KILLED THE GOOSE WHICH LAID THE GOLDEN EGG.

THERE IS A LESSON IN THIS -- THAT ANY ATTRACTION OR DESTINATION WORTH DEVELOPING AND PROMOTING IS WORTH PRESERVING. WE MUST PROTECT AND NURTURE THE ESSENTIAL CHARACTER WHICH ATTRACTS TOURISTS TO AN AREA IN THE FIRST PLACE IF WE EXPECT OUR CUSTOMER VOLUME AND OUR PROFIT CURVES TO KEEP GOING UP.

WE MUST TREAT A HISTORIC BATTLEFIELD, OR A QUAINT ETHNIC ENCLAVE OR A WILDLIFE PRESERVE WHICH DRAWS SIGHTSEERS AS AN IRREPLACEABLE TOURISTIC RESOURCE ... AS AN ASSET WHICH, ONCE LOST, CANNOT BE DUPLICATED.

IF SENSIBLY PROMOTED AND EVEN PACKAGED, THIS TYPE OF ASSET CAN PRODUCE PROFITS FOR US, REVENUE FOR THE HOST COMMUNITY AND SATISFACTION FOR OUR CUSTOMER, THE TOURIST.

IF UNSENSIBILITY PROMOTED AND DEVELOPED, SUCH ATTRACTIONS WILL CHANGE BEYOND RECOGNITION AND THEIR "DISAPPEARANCE" WILL JEOPARDIZE OUR INVESTMENT IN PLANT AND EQUIPMENT."

LEADERS IN THE TRAVEL INDUSTRY HAVE AN OBLIGATION TO PROTECT AMERICA'S HISTORIC TREASURES.

WE CAN DO THAT BY WORKING WITHIN OUR COMMUNITIES TO MARSHALL THE RESOURCES TO CAREFULLY PLAN, FUND AND EXECUTE HISTORIC PRESERVATION PROJECTS.

WE CAN DO THAT BY WORKING WITHIN OUR COMMUNITIES TO CURRY THE SUPPORT, ENTHUSIASM AND COOPERATION OF FELLOW CITIZENS TO INSURE THAT OUR COMMUNITIES ARE OPEN AND HOSPITABLE TO THE VISITORS OUR HISTORIC SIGHTS INVITE.

AND WE CAN DO THAT BY WORKING TO INSURE THAT THE VISITORS WE WELCOME INTO OUR COMMUNITIES BEHAVE LIKE PROPER GUESTS, RESPECTING THE CUSTOMS AND THE WAYS OF THE LOCAL CULTURE THEY'VE

COME TO SEE.

AS I INDICATED EARLIER, ONE OF USTTA'S MISSIONS IS TO HARMONIZE, TO THE MAXIMUM EXTENT POSSIBLE ALL FEDERAL ACTIVITIES IN SUPPORT OF TOURISM ... WITH THE NEEDS OF THE GENERAL PUBLIC, -12-THE STATES, AND LOCAL COMMUNITIES, AND TO GIVE LEADERSHIP TO AL L CONCERNED WITH TOURISM... AND NATIONAL HERITAGE PRESERVATION IN THE UNITED STATES.

ONE WAY USTTA DOES THAT TODAY IS BY CONSULTING WITH THE NATIONAL HISTORIC TRUST ADVISORY BOARD.

ANOTHER WAY USTTA FULFILLS THIS MISSION IS THROUGH ITS PARTNERSHIP WITH A PRIVATE-SECTOR CONSORTIUM CALLED THE TRAVEL FOR TOMORROW COUNCIL.

OVER THE PAST SEVERAL YEARS THE TRAVEL FOR TOMORROW COUNCIL HAS PRODUCED A NUMBER OF PROMOTIONAL CAMPAIGNS DESIGNED TO ENCOURAGE AMERICANS TO SEE AND EXPLORE THEIR GREAT NATION, TO RECOGNIZE ITS GREAT BOUNTY AND TO RESPECT ITS FRAGILE RESOURCES.

THIS YEAR, THE TRAVEL FOR TOMORROW FOR TOMORROW COUNCIL HAS PRODUCED A SERIES OF MATERIALS WHICH COMBINE THE PRESERVATION THEME WITH A DERIVATIVE OF EXPORT NOW -- MADE IN AMERICA.

I'D LIKE TO CLOSE MY TESTIMONY TODAY BY SHARING WITH THE COMMITTEE THE TELEVISION PUBLIC SERVICE ANNOUNCEMENT FOR THE CAMPAIGN WHICH SOON WILL BE AIRED BY THE MAJOR NETWORKS AND TELEVISION STATIONS IN MARKETS ACROSS AMERICA.

(RUN TAPE)

MR. CHAIRMEN.

THAT CONCLUDES MY TESTIMONY.

I WOULD BE PLEASED TO RESPOND TO YOUR QUESTIONS.

COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS SENATE
STATE HOUSE, BOSTON 02133

SEN. FREDERICK E. BERRY
SECOND ESSEX DISTRICT
ROOM 413D, STATE HOUSE
TEL. 722-1410

COMMITTEES:
HOUSING AND URBAN DEVELOPMENT (CHAIRMAN)
WAYS AND MEANS
HEALTH CARE
ETHICS
INSURANCE

TESTIMONY OF FREDERICK E. BERRY FEB

SENATOR, 2nd ESSEX DISTRICT

Chairman Skelton, members of the committee, my name is Frederick E. Berry. I am the Massachusetts State Senator from the 2nd Essex District. On behalf of myself and my constituents, I welcome you to Salem.

I would also like to take this opportunity to thank Congressman Mavroules for his efforts in bringing this committee to Salem for today's hearing.

The City of Salem has a rich and varied history. From the original settlement of the village along the North River through The Witchcraft Trials of the late 1600's, and into the early 1800's when, with its China Trade, this city was the maritime capital of the world. Salem and its citizens have played an extremely important role in the development of our country and our country's culture.

Too often, I think, we look at our country's past from the wrong point of view. We see our history as a series of events that have conspired to shape our society. Our history is not events - our history is people. Salem's history was shaped by its citizens; by the original settlers, by the participants in the witchcraft hysteria, by the merchants who sent ships from Salem Harbor to points all over the globe and by the men who sailed on those ships.

These people have left us a legacy - a legacy which lives today in our many museums and cultural institutions, in our architecture and at the National Park Service Maritime Site.

Over the years this legacy has developed into a tourism industry that is now the single largest industry in Salem. Currently, almost 1 million people visit Salem every year. This influx of tourists is vitally important to Salem's economy. It creates jobs for the city's citizens in both the historical institutions and in the general business community that provides products and services to tourists. It also generates property tax revenues when those businesses servicing tourists and the tourism industry develop and grow. The impact of tourism on Salem's economy and the future economic development of the city cannot be overstated.

As I said a moment ago, nearly 1 million people visit Salem each year. Obviously, this is a significant number, but we must make a concerted effort on the local, state, and federal levels to further develop Salem's tourist industry.

One such concerted effort to use tourism as an economic development tool is currently underway. Both the City of Salem and the Federal Government are working to expand Salem's National Park Service Site by purchasing the adjacent St. Joseph's Polish Club, as well as renovating the entire site.

My point in mentioning this project is to illustrate that projects such as this are very difficult, if not impossible, without a high level of cooperation between the different levels of government, as well as the private sector.

For its part, the Commonwealth will be doing its utmost to cooperate with local governments for the development of tourism. Through the Governor's recent bond issue, 500 million dollars will be available for tourist related improvements, and Salem will be able to take advantage of many funding opportunities, including the possible construction of harbor walkways, a visitor's center and funds for new marketing efforts.

The Federal Government has the opportunity to play a very key role in the development of the tourism industry in general and of Salem specifically by; continuing adequate funding of its park sites - most notably The National Maritime Site, by providing funds for the marketing of these sites, by providing funds to assist in initiating and expanding businesses that serve, either directly or indirectly, the tourism trade and by maintaining historic preservation through restoration funding or tax credits.

For their part, the City of Salem and the City's business community must continue to work together, and together they must work with Federal and State Government so that the legacy left to us by so many past generations of Salem citizens, and the spirit which helped to create that legacy, can be held out to the nation and the world as an example of how a community can cherish its past while at the same time incorporating that past into its plans for the economic development.

Thank you.

APR 12 1988

OFFICE OF TRAVEL & TOURISM
The Commonwealth of Massachusetts

March 30, 1988

Congressman Ike Skelton
2453 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Skelton,

I want to thank you for bringing your subcommittee to Massachusetts. I was honored to be invited to testify and enjoyed my dialogue with the Committee members. Attached is my testimony for inclusion in the record.

I hope your day was gratifying and informative. As you saw, Massachusetts is working hard to maximize its tourism assets and to reap the economic benefits this important industry can generate. Let's hope someday the same can be said about the United States government.

Please let me know if I can be of further assistance to the committee.

With regards,

Dick

Richard P. Rust
Director
Massachusetts Office of
Travel and Tourism

Testimony of Richard P. Rust
Director of the Massachusetts Office of Travel and Tourism
delivered on Monday, March 21, 1988
in Salem Massachusettss
before the United States House of Representatives
Committee on Small Business
Subcommittee on Exports, Tourism, and Special Problems

Mr. Chairman and members of the Committee I am honored to have been invited to appear before you today. I commend you for holding these important hearings in Salem, Massachusetts.

As you will learn, Salem is one of our nation's historic treasures. It's people work to protect and enhance Salem's unique heritage; to interest and delight visitors and to provide for the economic well-being of their community. Salem is a community where local officials and private interests understand very well the economic value of tourism. And Massachusetts is a state, where public leaders from the Governor on down have effectively used tourism as an economic development tool.

For most of the past four years I have served as Director of the Massachusetts Office of Travel and Tourism. During that time we have raised that office to a sub-cabinet level and we have quintupled our tourism promotion budget. We have become aggressive marketers in the domestic and international arenas with much success. We have been active in new initiatives with the other New England states in developing cooperative international tourism promotions.

As a member of the Travel Industry Association of America's Board of Directors , I co-chair a committee charged with implementing a "Discover America" campaign designed to stimulate travel by Americans in the United States. Finally, I have been selected by my fellow state travel directors to formulate a national plan for improved contact and communication between public and private organizations involved in tourism development and promotion.

In these various capacities, I have learned a good deal about the travel and tourism industry. What is most frustrating to me as a travel industry professional, as a concerned citizen and a public official with a responsibility for trying to stimulate economic growth is how little understanding about this vital industry there is in government, the business community, the media, and the general public. This hearing is a welcome response to that ignorance.

Tourism is big business in Massachusetts and getting bigger. In 1987, each day an average of 70,000 visitors travelling in Massachusetts spent a collective $21 million - worth $37 million in total economic impact. Each day meant $2.5 million in new tax revenues from tourist spending of which $1.5 million went into the federal treasury and the remaining $1 million went to the Commonwealth and its localities.

Tourism is our second largest industry, made up of many small businesses. In 1987, approximately 10,000 tourism related companies employed 113,000 men and women. These firms served almost 25 million people who spent an estimated $7.5 billion. The total impact of tourism on the Massachusetts economy surpassed $13.3 billion last year.

Tourism's growth has been a major element in the Massahcusetts' success story. Since 1983, tourism expenditures have increased each year. 1987 travel sales were 32% above 1983. Tourism related tax revenues are up 34% on an annual rate over 1983. In 1986, tourism related employment rose at 4.1% or more than double the increase of state employment.

Of interest to this committee with its concern over our trade deficit should be Massachusetts' growing share of international visitors. In 1987 an estimated 1.2 million foreigners visited Massachusetts. That is a 35% increase over 1984. These foreign visitors spent an estimated $800 million. That is an 84% spending increase in three years!

Massachusetts is perhaps the most appropriate laboratory for this committee to study how the historical significance of communities can be honored and at the same time used to the community's economic advantage. It is also a laboratory where public funds and resources have been used to stimulate private investments in community revitalization using tourism as the catalyst.

Lowell and Boston are case studies of public/private partnerships for profit from tourism that are being emulated all over the world.

Salem will take its place as a case study in using tourism wisely to enhance economic growth when the projects being discussed at this hearing are completed.

Massachusetts has been promoting itself as a preferred destination aggressively and successfully in domestic and international markets since 1984. Our annual promotion budget increased from just over $2 million to over $10 million. We use all the tools of promotion - advertising, public relations, brochure distribution, travel trade relations, etc. Our efforts have been innovative and successful.

We are proud of the precedent setting cooperative international marketing campaign launched last year in the United Kingdom. The six New England states brought together TWA and the U.S.T.T.A. to design and carry out the first television campaign of its kind ever seen in an overseas market. This campaign is being used as a model to put more U.S. television tourism advertising on foreign television screens this year. The campaign was a major financial success for the New England states, TWA and the U.S. government. It is being repeated this year on a large scale, with more partners, more money and, we are confident, more success.

Tourism according to experts is the world's largest industry. It generated an estimated $2 trillion in 1987, which is more than twice the world arms expenditures.

Tourism will continue to grow at unprecedented rates. Changing world economic conditions and demographic trends portend tremendous economic stakes for those destinations that win the tourism sweepstakes. The renewed strength of the European economies, the explosive growth of the Pacific rim economies, the aging of the world's population and the technological changes that have shrunk the world in peoples' eyes will combine to make tourism even more important economically.

The United States could be a major beneficiary from world travel growth. We always are at the top in surveys of where foreigners want to visit. Yet for the past decade we have been losing, rather than gaining market share. Our percentage of world tourism has fallen from 13% to 11% during the last decade. This occurred during a period of great expansion of tourism worldwide - meaning we have suffered a signifiant loss of potential visitors and their dollars. The reasons for this are very simple. While the United States has ignored the travel industry, other countries - both capitalist and socialist - have not.

Now, while the dollar is weak is the time to redress this situation. While the U.S. is a bargain for the average man and woman around the world, we should be luring them here in the hopes they will come back when the bargain days are over.

Unfortunately, the enormous potential for increased visitation to the U.S. from other countries created by the current value of the dollar will not be maximized this year because of short-sighted federal actions. I do not know if this committee is aware that cut backs in service levels in overseas embassies caused by budget constraints have made getting a visa to visit the U.S. very difficult in England, Japan, France, Germany and elsewhere.

In addition, the closing of U.S.T.T.A. public offices has curtailed the distribution of information about our country to interested travellers. These actions have not gone unnoticed in the foreign press which gives the impression that the United States isn't interested in having visitors come here. These actions come at just the wrong time. Government policies that encourage tourists to choose other places to visit are penny wise and pound, yen, mark, and franc foolish.

I am conversant with proposals to establish a private agency to take the lead in encouraging travel to the United States from other countries. Although, I have not reviewed H.R. 2357 which the committee is studying.

I know I speak for most of my fellow state travel directors from across the county and for a major percentage of the private interests with experience in marketing travel to the United States, when I caution the Committee that there can be no effective substitute for a strong, adequately funded U.S.T.T.A. if the United States is to successfully compete in the international tourism arena.

A strong U.S.T.T.A. could benefit from a more formal partnership with private businesses involved in securing foreign visitors-especially small businesses. Proposals to strengthen public/private partnerships in tourism promotion deserve a close look. However, a strong public partner is a prerequisite

Tourism is too important to our national economic interest to be exclusively in the hands of more vested interests. Tourism should be in the mainstream of national economic policy making. For this reason, Governor Dukakis has called for a reinvigorated U.S.T.T.A., funded at a minimum of $24 million from general revenues. I am submitting a copy of the Governor's proposal for the Committe's review. If at least half of these new funds are used to create cooperative programs like the program we launched in New England last year, a return on that investment could be anticipated in multiples, even within the same fiscal year. Also, these funds can be combined with state and private promotion dollars to go further in sending out our story. Also, such cooperation can assure, when foreign visitors, arrive, they fan out beyond the major ports of entry.

Only a strong U.S.T.T.A. working with the states and regions can assure small businesses, small attractions and small states enjoy the benefits of international tourism.

States and other nations have proven government money spent on tourism promotion is well spent Why the United States government remains unconvinced of this beyond comprehension. In fact, the evidence is convincing that an increased outlay of funds for USTTA's activities would help cut both the federal budget and trade deficits.

Furthermore, advocates of a private-led national tourism effort would do well to study the history of the British Tourist Authority. Such a study would reinforce the view that a strong federal agency must be at the core of effective tourism policies and programs.

If I may be so bold to suggest certain actions for the committee's consideration, they would include in the short term:

I. Urge the United States Department of Commerce to support essential research including revising of the United States Travel Data Center's Travel Economic Impact Model. Accurate information is critical to informed public policy making. Current data on travel and tourism relies heavily on information first generated in 1977. Shifts in the service orientation of our economy renders the 1977 information out of date. Employment numbers are very conservative and if more accurate figures existed, the economic importance of tourism would be better understood.

II. Urge this committee and its counterpart committees in the Senate to attend one or two of the major overseas travel trade shows in order to better understand the competetive climate the United States faces in seeking a greater share of the overseas visitor market and to see how other countries market.

III. Revise the manner in which the budgets of agencies that generate income are reviewed. Too often all government outlays are viewed merely as expenditures. A more business like approach would result in more rational decisions. For example, in order to save a few million in costs at U.S.T.T.A and foreign embassies, we are losing hundreds of millions of dollars as potential visitors are lured to non-U.S. destinations.

I urge this committee to urge the State Department to reverse cut-backs in staffing of overseas embassies that process visas. It seems absurd to turn away visitors whose dollars can fuel federal coffers for a supposed lack of funds.

Ironically, the State Department has finally agreed to begin to waive visa rstrictions in certain countries as Congress directed two years ago, at the same time we are making the application process more difficult. I, also, urge the Committee to keep a close watch on the visa waiver process to oversee its implimentation to assure its success.

Finally, looking beyond the immediate future, Governor Dukakis is the first candidate for the Presidency in history to release a national tourism policy paper. His experience in Massachusetts gave him the experience and understanding that underpins his national proposals. The next President will face the twin burdens of a continuing trade deficit and budget deficits. As Governor Dukakis has outlined, tourism has the potential to assist in lessening each of these burdens. I hope this committee will convince the whole of Congress to prepare for a bipartisan dialogue with the next administration and with the travel industry to put together a National Tourism Policy. That policy should take a long term view.

The federal government's macro and micro economic policies, transportation decisions, environmental actions are among a few of the ways that it will determine the health of the tourism industry. It would seem that the impact of these policies and decisions on our nation's second largest private employer and third largest retail industry deserves attention at the highest levels of government. A national tourism policy, developed in partnership with the federal, state and local governments and travel industry leaders across the country, could assure that America's travel industry flourishes to the betterment of our own citizens and the building of relationships with people from around the world.

STATEMENT OF MR. PETER FETCHKO

DIRECTOR, PEABODY MUSEUM OF SALEM

CONGRESSIONAL FIELD HEARING

MARCH 21, 1988

Statement to the Congressional hearing on tourism
March 21, 1988

Thank you for this opportunity to appeal to our Congressional leaders and our fellow citizens for their support and guidance. Our meeting is held appropriately here in East India Marine Hall, home of one of the oldest museums in our United States. Founded in 1799 as the East India Marine Society, it was grounded in the philosophies of the eighteenth century Enlightenment, which held a new reverence for learning and an expanded curiosity about the works of nature, geography, and the inhabitants of the remote corners of our globe. Like the great Oceanic explorers of the eighteenth century, captains of the East India Marine Society collected during the course of their world-wide mercantile voyages, curiosities from all over the world, from Archangel to Zanzibar, which they returned to Salem for the enlightenment of their fellow citizens. At the dedication of this hall, the Society's new home in 1825, President of the United States John Quincy Adams rose to the occasion with the following toast: "To the mariners of Essex County - and their tributes - in peace and in war, to the glory of their country." And indeed, what is preserved here at the Peabody Museum, and also at the Essex Institute, the House of Seven Gables, the National Maritime Historic Site, the Witch Museum, and other cultural and historic sites throughout the city - - - is to the glory of our country. But do not let our nationalism blind us to far greater truths and our obligation to share the American experience with the world at large. Thousands from abroad search out here not only our national cultural resources, but also significant collections from all over the world, a world brought together as a global community through international trade and commerce. The Peabody Museum is just now preparing to open a new 26,700 square foot building dedicated to the deep water trade with Asia and containing the largest collection of Asian Export Art in the world. Ambassador Han Xu from the Peoples' Republic of China will be here in May to dedicate special garden stones from China, a gift to the Museum commemorating friendship between the two countries and the 200th anniversary of the voyage of New England's first vessel to trade in China. Prince Naruhito of Japan visited in 1985 to view the world-famous Edward Sylvester Morse collection of objects of everyday use from Japan, and there are many other collections of significance as well.

An operating budget of $1.5 million and a current campaign of over $12.6 million raised principally from the private sector contributes significantly to the local economy. Three thousand members, 200 volunteers, 80 staff, 30 trustees, and 100,000 visitors all share a significant role in this endeavor. We seek the partnership of our national government so that it also may play a role appropriate to its station and help us not only preserve our national cultural resources, but help make them accessible to a growing national and international community of tourists and visitors. Thank you.

Peter Fetchko
Director, Peabody Museum of Salem

Salem Chamber of Commerce
OLD TOWN HALL – 32 DERBY SQ., SALEM, MA 01970 – (617)744-0004

ON BEHALF OF THE SALEM CHAMBER OF COMMERCE I WOULD LIKE TO TAKE THIS OPPORTUNITY TO WELCOME YOU TO SALEM, AND TO THANK YOU FOR AFFIRMING, BY YOUR PRESENCE, THE UNIQUENESS OF SALEM AS A FOCUS FOR TOURISM IN MASSACHYUSETTS.

THE SALEM CHAMBER OF COMMERCE, OF WHICH I HAVE BEEN EXECUTIVE DIRECTOR FOR THE PAST 6 YEARS, REPRESENTS 300 SALEM BUSINESSES, ONE-THIRD OF WHICH ARE DIRECTLY RELATED TO THE BUSINESS OF "VISITORS TO SALEM". AT THE PRESENT TIME THE SALEM CHAMBER REPRESENTS THE FOCAL POINT OF TOURIST SERVICES IN SALEM, AS IT IS IN MOST CITIES. WE ARE THE VISIBLE AGENCY WHICH IS CONTACTED BY THE POTENTIAL VISITOR, THE MEDIA REPRESENTATIVE , AND THE STUDENT DOING RESEARCH ON OUR RICH AND DIVERSE HISTORY SPANNING MANY AREAS OF INTEREST INCLUDING THE WITCHCRAFT HYSTERIA OF 1692 THE LITERARY WORKS OF NATHANIEL HAWTHORNE, AND THE EXCITEMENT OF THE RICH MARITIME HISTORY, WITH THE COUNTRY'S FIRST MILLIONAIRE, ELIAS HASKET DERBY.

EVERY YEAR THE SALEM CHAMBER OF COMMERCE, IN ITS VISITOR INFORMATION CENTER IN HISTORIC OLD TOWN HALL, DISTRIBUTES 150,000 COPIES OF ITS OFFICIAL BROCHURE "THE BEST OF SALEM", AS WELL AS ANOTHER 125,000 BOOKLETS OF THE SAME NAME.

IN THE PAST YEAR THE RICHNESS OF WHAT IS HERE HAS BEEN RECOGNIZED INTERNATIONALLY BY SUCH PUBLICATIONS AS LA FIGARO, AND MADAME LA FIGARO, AND FRANCOIS, FRANCE'S LARGEST NEWSPAPER, E POKO, OF ITALY, AND THE LONDON DAILY TIMES.

WITHIN THE UNITED STATES WE HAVE BEEN FEATURED IN THE NEW YORK TIMES TRAVEL SECTION, PEOPLE MAGAZINE, YANKEE MAGAZINE, AND THE NATIONAL GEOGRAPHIC TRAVELER, TO NAME A FEW. TV COVERAGE HAS INCLUDED CNN NEWS, THE OPRAH WINFREY SHOW, SPENSER FOR HIRE, AND THE UPCOMING NBC SERIES "MYSTERIES AND SECRETS" IN SEPTEMBER.

LAST YEAR THE CHAMBER HOSTED A DELEGATION OF JAPANESE TRAVEL WRITERS REPRESENTING A READERSHIP OF 4,000,000 AND PREVIOUSLY A HIGH-RANKING DELEGATION FROM THE ISLAND OF MADAGASCAR, WHO VISITED SALEM TO COMPARE OUR MARITIME HISTORY WITH THEIR OWN.

ON A MORE CURRENT LEVEL, WE ARE HAPPILY APPROACHING OUR 7TH ANNUAL HAUNTED HAPPENINGS", A NATIONALLY RECOGNIZED VISITOR/MEDIA EVENT AROUND THE HALLOWEEN HOLIDAY FEATURING NEW ENGLAND TRADITIONS AND CELEBRATIONS FOR CHILDREN OF ALL AGES. THIS EVENT, WHICH GROWS BY THOUSANDS EACH YEAR, WAS BEGUN BY THE SALEM CHAMBER OF COMMERCE SEVEN YEARS AGO, AND HAS GAINED FOR SALEM NATIONAL RECOGNITION AS THE "HALLOWEEN CAPITAL OF THE WORLD, TO QUOTE THE SALEM EVENING NEWS (NOVEMBER 3, 1987), "SALEM'S GOT A HALLOWEEN THAT'S AS IMPORTANT AS NEW YEAR'S EVE IS EVERYWHERE ELSE". THESE WORDS WERE SPOKEN BY A CALIFORNIA WOMAN WHO, WITH HER COMPANION, WAS IN SALEM FOR A WEEK-LONG VACATION AS THE WINNER OF A CONTEST HELD BY A CALIFORNIA RADIO STATION---THE PRIZE BEING AN ALL-EXPENSE TRIP TO SALEM FOR "HAUNTED HAPPENINGS" INCLUDING ACCOMODATIONS AT THE HAWTHORNE HOTEL, AND $1000 SPENDING MONEY.

THIS RECOGNITION OF WHAT HAPPENS IN SALEM WAS GENERATED BY THE 800 PRESS KITS SENT THROUGHOUT THE UNITED STATES BY THE SALEM CHAMBER OF COMMERCE. WHILE NO MARKETING-ADVERTISING BUDGET IS AVAILABLE FOR THIS EVENT, THE 800 PRESS KITS ACHIEVE MEDIA ATTENTION IN EVERY STATE, AND RESULT IN BLOCK-LONG CROWDS AT EVERY SCHEDULED PARTICIPATING SITE. A COPY OF LAST YEAR'S "HAUNTED HAPPENINGS" BROCHURE IN INCLUDED IN YOUR PACKET OF INFORMATION.

THE SUCCESS OF THIS PUBLIC RELATIONS EFFORT IS THE RESULT OF THE GENEROSITY OF THREE LOCAL BUSINESS COMMUNITY MEMBERS, MCDOUGALL ASSOCIATES, WHO CONTRIBUTE THE GRAPHICS FOR THE PRINTED MATERIALS, PARKER BROTHERS, WHO DONATE 25,000 BROCHURES AND 500 POSTERS, AND THE SALEM WITCH MUSEUM WHO UNDERWRITE THE COST OF PRODUCING AND MAILING THE PRESS KITS, ALL EXHIBITING THE COOPERATION AND SUPPORT OF THE SALEM BUSINESS COMMUNITY.

AS A DIRECT RESULT OF THE PHENOMENAL SUCCESS OF "HAUNTED HAPPENINGS", THE CHAMBER IN L987, INITIATED THE FIRST ANNUAL "hOLIDAY HAPPENINGS", A COOPERATIVE EFFORT BETWEEN THE CHAMBER AND THE OFFICE OF MAYOR SALVO, FEATURING ANOTHER CALENDAR OF EVENTS, WITH A SPECTACULAR DISPLAY OF HUNDREDS OF THOUSANDS OF LIGHTS, AND GENERATING THRONGS OF VISITORS TO THE CITY. PLANS ARE ALREADY UNDERWAY FOR THE SECOND ANNUAL FESTIVAL TO TAKE PLACE IN 1988.

THE OFFICES OF THE CHAMBER SERVE AS THE CLEARING HOUSE FOR ALL SPECIAL EVENTS IN THE CITY IN AN EFFORT TO AVOID SERIOUS CONFLICTS, AND CO-SPONSOR AND/OR HELP TO PROMOTE ALL OF THE BIKE AND ROAD RACES AND FESTIVAL HELD HERE. WE, THE CHAMBER, HAVE SERVED COOPERATIVELY WITH THE CITY ADMINISTRATION ON THE HERITAGE TRAIL COMMITTEE, WHICH HAS PAINTED THE RED LINE THROUGHOUT THE CITY TO ASSIST THE VISITOR, AS WELL AS THE SALEM COMMITTEE, WHICH ACTED ON THE OFFER OF ACKERLEY ADVERTISING COMPANY RESULTING IN BILLBOARD ADVERTISING THROUGHOUT THE COMMONWEALTH AT NO COST TO THE CITY.

OUR LATEST AFFILIATION IS WITH THE NEWLY ORGANIZED SALEM PARTNERSHIP, ON WHICH THE SALEM CHAMBER SERVES AS A MEMBER OF THE BOARD OF DIRECTORS, AS WELL AS SERVING ON THE SUB-COMMITTEES OF DOWNTOWN ECONOMIC DEVELOPMENT AND THE COMMITTEE ON PUBLIC RELATIONS-MARKETING (WHICH INCLUDES TOURISM DEVELOPMENT).

WE HAVE ESTABLISHED A CLOSE WORKING RELATIONSHIP WITH LAURIE CABOT, THE WOMAN KNOWN THROUGHOUT THE UNITED STATES AND EUROPE AS THE "OFFICIAL WITCH" OF SALEM, WHO NOW SERVES ON THE BOARD OF DIRECTORS OF THE SALEM CHAMBER. THIS MUTUALLY BENEFICIAL RELATIONSHIP HAS RESULTED IN SALEM'S BEING FEATURED IN SALEM'S BEING FEATURED IN SUCH COUNTRIES AS FRANCE, ENGLAND & JAPAN, TO NAME A FEW. WHEN FEATURE WRITERS INTERVIEW LAURIE, SHE SENDS THEM TO THE CHAMBER OR GREETS THEM IN THE GARDEN OF THE ESSEX INSTITUTE, A SITUATION WHICH HAD BEEN PREVIOUSLY NON-EXISTENT.

IN THE PAST 6 YEARS TOURISM HAS SOARED TO BECOME THE 2ND LARGEST INDUSTRY IN THE WORLD, THE US, AND MASSACHUSETTS--BECAUSE OF THIS SALEM IS FAST BECOMING WHAT WE HOPE TO BE A DESTINATION CITY. MY REMARKS HAVE SHOWN THAT WE HAVE A GREAT DEAL TO OFFER HERE OF A CREATIVE NATURE. THE CHAMBER ORGANIZATION, ITS MEMBER BUSINESSES, AND THE MAYOR'S OFFICE HAVE WORKED COOPERATIVELY WITH ALL OF THE RESOURCES AT OUR COMMAND.

WE HAVE ACHIEVED MUCH, AND WITH YOUR FINANCIAL SUPPORT, WE CAN ACHIEVE MUCH MORE. WE NEED SERIOUS INVESTMENTS IN AN ACCESS ROAD, IMPROVED AND INCREASED SIGNAGE, PARKING, AND A MARKETING/PROMOTIONAL BUDGET. ALL OF THIS IS NECESSARY TO ENHANCE AND PROMOTE WHAT WE HAVE HERE.

20 YEARS AGO WHEN OUR CONGRESSIONAL DISTRICT WAS SERVED BY MY LATE COUSIN CONGRESSMAN BILL BATES, WHO WOULD HAVE GUESSED THAT TOURISM WOULD BE THE 2ND LARGEST INDUSTRY---EVERYWHERE?

FORTUNATELY, OUR CURRENT REPRESENTATIVE NICK MAVROULES HAS RECOGNIZED THAT FACT AND THAT IS WHY WE ARE HERE TODAY. TIMES AND LIFE HAVE CHANGED, AND SO MUST WE.

HONORABLE MEMBERS OF THE CONGRESS, I THANK YOU AGAIN FOR YOUR TIME AND FOR YOUR ATTENTION.

JOAN P. GORMALLEY
EXECUTIVE DIRECTOR
SALEM CHAMBER OF COMMERCE
32 DERBY SQUARE
SALEM, MASSACHUSETTS
617-744-0004

Historic
Salem
incorporated

OFFICE AT HAMILTON HALL

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Statement

At a Field Hearing of

the Small Business Subcommittee on

Exports, Tourism and Special Projects

Congress of the United States

House of Representatives

Salem, Massachusetts

March 21, 1988

My name is William H. Guenther, and I appear before you in my capacity as President of Historic Salem, Incorporated. I am a resident of Salem's McIntire Historic District.

I. Historic Salem, Inc.

Historic Salem is a volunteer not-for-profit membership organization with nearly 600 enrolled individuals and businesses. As such, we are one of the largest community-based organizations in Salem. The breadth of our membership--in age, ethnic background and neighborhood--demonstrates the wide appeal that preservation has in Salem.

The group divides its work between educational and activist efforts on behalf of Salem's historic downtown and surrounding residential neighborhoods. Forty years ago at its founding, Historic Salem "rescued" and restored the 17th century so-called Witch House, now open to the public on Essex Street. During the 1970's the organization was especially active in the urban renewal and public restoration initiated in the Salem downtown.

"to preserve Historic Sites, Buildings and objects, and to work for the education of the community in the true value of the same."

I have included for the record a summary of representative Historic Salem projects undertaken in 1987. Historic Salem continues to provide support for the preservation of individual buildings where community action will make a difference. Of equal importance is our role as a proponent of city policies that will enhance conditions in Salem's downtown and older neighborhoods. Issues such as traffic, zoning and public improvements have a direct effect on the physical condition and historic character of these areas. There is little rationale for encouraging the restoration of a building and then ignoring the deleterious effect on it of heavy traffic, or for regulating facades in historic districts without also considering zoning policies that assure a full and sensitive review of building uses. Simply stated, historic preservation--for the benefit of residents, businesses and visitors--must take a broad perspective if it is to be successful.

II. Salem's Attraction

Salem is blessed with an extraordinary range of architecture produced over the centuries. Bryant Tolles has written in his guidebook, Architecture in Salem*:

> "Throughout the United States and abroad, Salem has established its reputation as possessing one of this country's most significant architectural legacies. Of the older, smaller, eastern seacoast communities, Salem exhibits the richest and most comprehensive variety of styles, building types, and building practices."

A visitor to Salem passes from the recreated Puritan settlement of Pioneer Village to the 17th century Pickering House, occupied continuously since 1651 by ten generations of that family; from 18th century Georgian gambrel roofs to the great Federal houses built in the early 1800's; finally through a vast array of 19th century Victorian homes. At the Essex Institute, in one location, one tours three houses spanning the period from 1685 to 1805.

The green Michelin guide identifies six 3-star cities in New England; Salem is one. In recommending 3-star cultural attractions to New England visitors, the guide includes the Peabody Museum of Salem in a short list with the Boston Museum of Fine Arts.

Above and beyond the architectural and cultural presence and Salem's maritime heritage, the spirit that draws new residents and visitors to Salem is that of a living museum. New lives are made in the old houses. Neighborhoods have regenerated. The county courts continue to support a professional community in the downtown. The city remains an exceptional product of New England--colonial, federal and industrial, heterogeneous and real.

---

* (Essex Institute, 1983)

III. Tourism, Historic Preservation and Local Interests

- Hundreds of historic buildings in Salem contribute to 14 districts that are listed on the National Historic Register. 24 additional structures of special importance are included separately. Under state authority four, largely residential historic districts have been set up and are regulated by a city Historic Commission which, for example, must approve exterior changes to a structure that are visible from the street.
- In the 1970's large scale urban renewal and historic preservation projects were undertaken in downtown Salem with substantial federal participation.
- Four historic buildings in Salem are currently undergoing renovation with the support of Massachusetts Historic Commission grants.

Government leadership in historic site designation and historic preservation has already produced a beginning in Salem. Public programs have helped to consolidate private investments in the residential neighborhoods and encouraged rehabilitation in the downtown. While the physical condition improved, publicity generated by these efforts produced favorable coverage in guides like Michelin and additional visitors and tourists.

The combination of tourism and local residential and professional communities has supported a diverse set of service businesses. Carpenters, craftsmen, artisans and contractors have been drawn to Salem by preservation and restoration activity.

On the other hand, Salem's retail base is making a transition from traditional, full service downtown shopping to an undetermined mix of specialty operations. Some retail businesses such as the successful Derby Square Bookstore, although drawing on local support, believe that the largest component of their business is tourist-based. In the long run, there is little question that growth in tourism is critical to insuring Salem's economic health through the expansion of commercial activity. And without new sources of revenue it will be difficult to finish the job of restoring Salem as a national historic treasure.

IV. Conclusions and Recommendations

Experience has demonstrated the close connection between tourism, historic preservation and economic activity in Salem. Historic preservation has been the catalyst in the past for economic renewal. It should be used again for a national purpose in Salem. With a broad perspective and a goal to preserve not only buildings but the fabric and dynamic character of Salem we will succeed.

The timing is propitious. The Salem Partnership has brought together the leading individuals and institutions of Salem in common purpose. Historic Salem is privileged to be a member.

We now ask the federal government to join with us. 50 years ago a national commitment to historic preservation in Salem was made with the establishment of the Maritime Historic site. Historic Salem seeks your support to achieve the goals set a half century ago. We specifically recommend:

1. The promise of the Salem Maritime Historic Site be fulfilled through a substantial funding increase. The goal should be to raise the Historic Site to a 3-star status. Expanded waterfront activity would have a major positive impact on tourism in Salem.

2. The National Park Service extend its efforts to assist Salem with the preservation of historic fabric throughout the city, the linkage of historic resources and the management of tourism.

Thank you.

HISTORIC SALEM, INCORPORATED

Projects - 1987

Education and Communication

- The Education Committee in the spring produced a fifth grade unit in the public schools on Salem's architecture and history. This effort was supported through state grants.

- The bi-annual house and garden tour revealed a private view of Salem houses to hundreds of early summer visitors.

- A candidates' pre-election questionnaire surveyed the mayoral and at large city council candidates on issues affecting the condition of the downtown and the surrounding older neighborhoods.

- A renovation workshop was held in the fall co-sponsored with the Historic Commission and the Essex Institute.

- The quarterly newsletter with information on issues and activities in Salem, including a calendar of important museum events, was expanded and upgraded.

Preservation and Public Improvements

- A gala cocktail party fundraiser for the Hamilton Hall building restoration fund produced nearly $1,800 in net contributions.

- Historic Salem was asked to join the Salem Partnership, a newly organized group of business, political, non-profit and civic leaders intended to assist the city in developing and implementing new downtown policies. A major focus of the group will be the effort to expand federal and state funding for historic resources through the U.S. Park Service Maritime Site and a proposed Heritage Park.

- The Public Improvements Committee began work on a plan to expand the installation of refuse containers in historic neighborhoods. The Committee is participating in the city-wide Beautification Committee set up by the Mayor and co-sponsored a holiday decorating contest.

Zoning

- Historic Salem was instrumental in gaining Salem City Council approval for a change in the zoning process requiring more stringent review of conversions in the older R-2 neighborhoods.

Traffic

- Historic Salem brought together the leaders of the street associations in the McIntire District to coordinate proposals to reduce through traffic and monitor the impact of the Bridge Street By Pass Project.

Historic Salem incorporated

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OFFICES AT HAMILTON HALL

WINTER 1988
Fifteenth Year

"A New Political Climate"

The Salem Partnership: Off and Running

MEMBERS OF HISTORIC SALEM WILL have their first opportunity to support and participate in Salem's new consortium of private and public leaders on March 4, at an HSI-sponsored cocktail reception to be held at the Hawthorne Hotel.

"The goal of the Salem Partnership," says Salem mayor Anthony Salvo, "is to increase tourism and improve the economic environment of the city." The Partnership's Board of Directors reads like a Who's Who of community and state leaders, including top officials from Salem State, the *Salem Evening News*, and various local businesses and organizations—including Historic Salem.

"This is a tremendous opportunity for HSI," says Bill Guenther, who is representing HSI as a member of the Partnership's Board. "In only six months, the Partnership has already had a positive impact on the city. There is honest recognition of the critical importance of Salem's historic character, and the Partnership is looking to us to help provide leadership in that area." Historic Salem is further represented on the Partnership's Historic Resources Committee by Annie Harris, an officer of HSI.

Getting Down to Business

The Partnership's record is, in fact, quite impressive. Since forming in the summer of 1987, the group has:

- Raised nearly $200,000 from public and private sources.
- Proposed a $6.5 million expansion of the Salem Maritime National Historic Site to the House of Representatives and the National Park Service.
- Hosted a "Harbor Explorations" program for schools in Salem and neighboring communities.
- Purchased, with help from the city of Salem, the 160 Derby Street building (currently the St. Joseph's Polish Roman Catholic Club building) for future use by the National Park Service.

This last achievement is worthy of further mention, as it demonstrates the clear need for a body such as the Partnership in Salem. If plans for the expansion of the Maritime Site do go forward, acquisition of this building was regarded as essential, as it could provide a focal point for the development of the immediate area. But that expansion will take time, and the owner of the building had found a third-party buyer who was ready to pay a fair market price. It was only through the intercession of the Partnership (with the support of the city and of U.S. Representative Nicholas Mavroules) that the building was retained for potential public use.

Collective Action

"We are much stronger when we act collectively," says Cynthia Pollack, who heads the Maritime Site and the Partnership's Historic Resources committee. "Back during the Bicentennial, taking care of local resources was hot stuff. Then the political climate turned around—and now it's turning again. It's a good time to get back on the bandwagon."

While most of the funds raised thus far for the Partnership's work have come from private sources, Pollack says there "is plenty of money available" from the state and federal governments. "We ask why Salem hasn't received any of this money before, and they tell us, 'Well you know, Salem didn't ask.' We won't allow that to happen any more. They can expect us to be at the table every year from now on."

For More Information

HSI members interested in hearing more about the work of the Partnership should attend the cocktail reception at the Hawthorne Hotel on March 4. It will begin at 7:00 pm and carries a $15 admission/contribution fee to the Partnership (fulfilling HSI's $1500 commitment to the group). Representatives of the Partnership will make a special presentation on expanded state and federal funding for Salem's historic resources at 8:00. There will be a cash bar. Questions about the Partnership should be directed through Bill Guenther at HSI's main number, 745-0799.

--A.Calkins

Building the Future on the Past

"HERE IN SALEM, WE AREN'T JUST talking about a building or a wall. We're talking about *three quarters of the city!*"

Cynthia Pollack says she doesn't have enough hours in the day to accomplish all she'd like to do, and it's no wonder. As director of the Salem Maritime Historic Site, she presides over one of the most promising development areas in the city. And as the chair of the Partnership's Historic Resources Committee, she is responsible for bringing together all of Salem's many historic interests, sites, and organizations, and keeping them pointed in more or less the same direction.

"What makes this city unique is the collection of historic fabric that's present here. There really isn't another city in the United States with the number of historic sites we have," she says. "The problem is that this fabric is not usually viewed as a whole."

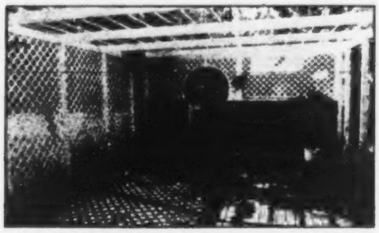
Among plans for the revitalization of Salem's historic resources are seeking funds for a general maintenance program for the city's 300 nationally registered historic sites; pursuing the plan to create a city-wide Heritage Park linking historic sites; and to encourage residents to use available funding and technical assistance for historic preservation.

"The opportunity's here," Pollack says. "Finally, we're all beginning to speak with one voice."

SPOTLIGHT

WHEN SUSAN AND CHRIS BURNS moved to 31 Chestnut Street three years ago, they knew it was for good They set to work right away creating a landscape they could enjoy for years to come.

The triple row house (finished in the 1830's) still had the remnants of a "drying yard" off to one side, and a neglected but fairly spacious yard out back. The Burns also had one major advantage: neighbor Jon Reardon, owner of the landscape gardening business Gourmet Gardens.



With Reardon's help, the Burns created what they call their "library of perennials"--a large period garden lining one side of the yard. The Burns used a copy of the booklet "Old Salem Gardens" (available at the Athenaeum) to draw up a "wish list" of perennials that would have grown in a Salem garden in the mid-1800's. To their surprise, Reardon was able to come up with almost all of the plants, which include columbine, foxglove, campanula, phlox, delphinium, lupine, and globe thistle. Reardon cut the beds and set out the plants last spring, and the Burns did the digging--just in time for the HSI House and Garden Tour.

The backyard features other plantings as well--some new and some old. The Burns salvaged ferns, lily-of -the-valley, and a large pussy willow that a former occupant grew from twigs for a school project. They installed a small goldfish pond in one of the beds, and created a private area with a Victorian bench and flagstone patio.

On the side of the house, the Burns wanted to do something that would give them some privacy and a place for entertaining. They kept the brick walls of the drying yard, and designed and built the trellis (pictured at left), with federal arches and keystones at both ends, that encloses a brick terrace. Finally, they planted some clematis that they hope will eventually cover the white trellis—a final touch to their efforts to create a functional, beautiful yard that is also faithful to the period of the house.

Q&A

Q. How does a neighborhood become designated as a "historic district"?

A. The state of Massachusetts has enabling legislation for historic districting. Under Chapter 40C, a city can designate historic districts and establish an historic commission to oversee exterior changes to buildings within those districts.

In Salem, when a new district is proposed, the Historical Commission has the proposed area surveyed and a map drawn up. The survey includes a photo and summary of the historical and architectural significance of each building.

A preliminary report discussing the proposed district and identifying its boundaries and buildings is then prepared and submitted to the planning board and the Massachusetts Historical Commission.

Within 60 days of the report's submission, notices are sent to all property-owners within the proposed district. A public hearing is held, at which property-owners are allowed to express their opinions. The input from the hearing is put into the final report, which is submitted to the City Council. The City Council votes on the proposal; a two-thirds majority is necessary for adoption.

Currently, Salem has four historic districts:

- the McIntire Historic District (407 buildings)
- the Derby Street Historic District (85 buildings)
- the Washington Square Historic District (30 buildings)
- the Lafayette Street Historic District (approximately 40 buildings)

There is some interest now in expanding the Washington Square District. While other areas in Salem have been surveyed, there are currently no new districts in the works.

A more complete description of the historic districts is planned for the next issue.

President's Letter

Dear Fellow Historic Salem Member,

From my perspective, no recent event in Salem has been more encouraging than the organization of the Salem Partnership (see lead article). As I got to know Salem over the last couple of years, it was evident that the collapse of the downtown retail base had left the city without "town fathers" at a time when it desperately needed them. Some of the institutions remaining--both commercial and non-profit--had strong leadership, but for whatever reason they had not coalesced to work with the city in developing a new vision for Salem.

At the heart of any revitalization of Salem is the marketing of its historic resources.

The Salem partnership was created for this purpose. And at the heart of any revitalization of Salem is the restoration, preservation and, frankly, marketing of its historic resources.

Many of the older residential neighborhoods in Salem have seen an extraordinary change in the last ten years through the private efforts of Historic Salem members and others renovating homes. After the major restoration of the 1970's, little complementary progress has been made in the public and commercial areas, however. If there is progress to be achieved--and sometimes it can be achieved through the intangible sense of momentum produced by collective action--then the Partnership will have a hand in it.

You should have received my letter announcing Historic Salem's cocktail party on Friday, March 4th, in support of the Salem Partnership. This will be the first public event given for the Partnership, and Historic Salem is one of the few community-based groups represented in this critically important organization. I urge all of you to attend to express your own opinions to the Partnership board members who will be present and to demonstrate broad-based support from residents and friends who love Salem.

Best regards.

Bill Guenther, President

HSI REPORT

MCINTIRE DISTRICT TRAFFIC

Individual McIntire District street associations have made progress in alleviating some traffic problems in the past, but it was evident last fall that a district-wide program was critically needed. The potential construction of the Bridge Street ByPass presented both an opportunity and a threat that required a coordinated response, and routing changes were not likely to be approved by the city if they produced opposition from neighboring streets. Furthermore, the McIntire District could only benefit from steps to enhance its identity as a cohesive residential historic district.

In an effort to control traffic in the McIntire District, Historic Salem initiated a series of meetings between representatives of the four major through streets. David Hart from the Federal Street Association, Buck Alexander and Don Hodgman alternating for the Essex Street Association, Jon Reardon for the Chestnut Street Associates, and John Forbes for Broad Street have developed an agenda of concerns which were reviewed with Gerry Kavanaugh, Salem City Planner, on February 16th. Earlier the representatives met with Sargeant Audrey Sullivan, who is in charge of the Salem Traffic Safety unit. A meeting with City Councillors Furfaro and Harvey is scheduled.

The group has given short-term priority to enforcement of the speed limits within the McIntire District. Sargeant Sullivan has committed to placing speed traps at locations suggested by the coordinating committee. Longer-term efforts center on the development of Bridge Street in particular as a circumvention route around the District.

Changes in key intersections could facilitate traffic flow from Highland and Boston Streets to Bridge Street and from Route 114 to Bridge Street. Complementary changes could discourage use of the McIntire District by through traffic. Many of these improvements were recommended to the city in a consultant's study last spring.

The Bridge Street ByPass plan would widen Bridge Street to four lanes from Boston to Flint Street (filling and moving the canal). The ByPass to Beverly would begin at Flint Street on a new route parallel to Bridge Street, while Bridge Street from Flint Street east would remain two lanes.

The committee is considering proposed amendments to the plan to ease the access to Bridge Street and discourage the use of Flint Street. The State DPW has strongly stated to the city that no material changes will be considered, although routing changes in city streets are possible without state approval in some cases.

Once a tentative agenda of priorities has been agreed upon, the street association representatives plan to meet with their associations for comment and direction.

Historic Salem hopes that these developments in the McIntire District will be a model for action in other neighborhoods. The Common is already well represented by the Common Neighborhood Association. We are actively looking for volunteers in areas that have not been organized and that would like assistance.

THE WINNERS! "Historic Holidays in Salem," the first annual exterior house decorating contest co-sponsored by Historic Salem and the Salem Common Neighborhood Association, was held on December 20, 1987.

The contest was designed to encourage traditional eighteenth and nineteenth century holiday decorations and to further promote a festive atmosphere throughout the city during the holidays.

In the residential category, First Prize went to the Dioli family at 22 Oliver Street *(photo)*. Tying for second place were the Arlanders at 91 Federal Street and the Stirgwolts at 17 Andrews Street. In the business category, First Prize was awarded to attorney Philip Moran at 32 Lynde Street.

Congratulations to the winners and to all who participated! To the rest of us: it's never too early to start thinking about next year. Special thanks to judges Jeffrey Laaff and Debra Hilbert.

VOLUNTEER OPPORTUNITIES

HSI needs volunteers to help with a variety of projects.

Resource List: Help develop a resource list of materials available at HSI, the Essex Institute, and other instutions for renovators and old house-owners.

Neighborhood Committees: Help organize neighborhood committees in North Salem and the Lafayette Street area.

Preservation Week: Help plan, coordinate, and market activities related to National Preservation Week in May.

Newsletter: Help write, edit, take photographs and gather information for the HSI Newsletter.

Please call the HSI office at 745-0799 if you're interested in volunteering in any of the areas outlined above.

MEMBERSHIP

Renewal Drive: HSI recently mailed renewal notices to some 600 members. If you failed to receive one, or if you neglected to return it with the appropriate dues payment, please try to do so now. Return renewal notices with payment to Membership Renewal, c/o Historic Salem, Inc., P.O. Office Box 865, Salem, MA 01970. The dues structure is as follows:

• Corporate Benefactor	$100
• Corporate Patron	75
• Corporate Sponsor	50
• Sponsor	50
• Patron	30
• Individual/Household	20
• Senior Citizen	10

New Members: Susan Durgin, Mara Bentman, Ruth Mark, Mr. and Mrs. William Coombes, Joan Pelletier, Mr. and Mrs. Scott Grover, Paul Nathan, Nina Cohen

CONTRIBUTORS

Gratefully acknowledged: Pat Horwitz, Tory Stevens, Toni Norton

Special thanks to Deschamps Printing Co., Inc. of Salem

Address all enquirires, including editorial submissions, questions for the Q&A column, and entries in the Mystery Photo contest, to Peggy and Andy Calkins at HSI Newsletter, c/o HSI, P.O. Box 865, Salem, MA 01970.

AN HISTORIC SALEM CALENDAR

MARCH

2, 9, 16 Ropes Botanical Lectures: "Gardening in Federal New England"
Lecture I: Garden Design; Lecture II: Plant Material; Lecture II: Bringing the Garden Indoors. Essex Institute, 3:30 pm, museum admission to non-members.

4 HSI-Sponsored Cocktail Party for the Partnership
Hawthorne Hotel, 7-9 pm; presentation on plans for expanded federal and state funding for Salem's historic resources at 8:00; $15 admission; cash bar.

9, 16, 23 Lectures: "The Port of Salem"
Three lectures on Salem's maritime past. Peabody Museum, 2 pm; $4 members, $5 non-members; series discounts; register by March 4. Call 745-1876.

17 Salem Maritime National Historic Site 50th Anniversary Celebration
Call 744-4323 for details.

25, 26 Sinfonie-by-the-Sea Concert
Performing works by Rossini, Britten, and Mendelssohn. East India Marine Hall, Peabody Museum, 8 pm, $12.

APRIL

5, 12, 19, 26 Hawthorne Spring Seminar
Lecture series on "Hawthorne's England." Hathaway House, 7-9 pm; $25 non-members.

16 "Lafayette Liftoff"
Fundraising dance to benefit Hamilton Hall. Call 744-0805 for details.

MAY

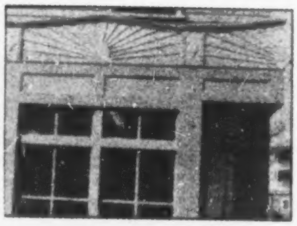
4 "The Gables Garden Heritage--Old World to New"
Lecture by Dan Foley. Emmerton Hall, Settlement House; 10 am; $4 non-members.

4 "Uncovering Oriental Treasures in the House of Seven Gables Collections"
Lecture by Carl W. Crossman and reception. Hathaway House; 8 pm; $5 non-members.

6 HSI Annual Dinner
Annual report to members; special presentation; kickoff to National Preservation Week. Hamilton Hall, $15. Call 745-0799 for details.

9-14 National Preservation Week
A week-long celebration of Salem's historic resources, featuring exhibitions and performances at virtually all of the city's institutions, walking tours, and a variety of other events, culminating in the grand opening of the Peabody Museum's new Asian Export wing.

14 Public Opening of the Asian Export Wing at the Peabody
Parade of saii in Salem harbor; procession (featuring elephants) to the Museum; presentations and performances in East India Square. 11 am--5 pm.



MYSTERY PHOTO

Mystery Photo: Okay, would-be Salem aficiendados. What is this building? Identify it correctly and you're on your way to fame, glory and a fabulous end-of-the-year Grand Prize. Get really lucky and you might win this month's drawing from the pool of correct answers.

You'll win a copy of Bettina A. Norton's *Neighborhood Trivia Hunts*, a book series focusing on architectural details in various Massachusetts towns--including Salem. The book (and this contest) is designed to inspire more awareness of the architectural details that surround us all, and that help make living in Salem such a pleasure. Call 745-0799 with your guess or write to HSI at P.O. Box 865, Salem, MA 01970.

Last month's picture (the lovely doorway with the iron fence in front) turns out to be the Bertram House at 29 Washington Square. The winner of that month's drawing--and the only person who correctly identified the house--is Rosamond Putnam of 27 Broad Street. She will receive a copy of *Neighborhood Trivia Hunts* and will be entered in the drawing for HSI's Grand Prize.

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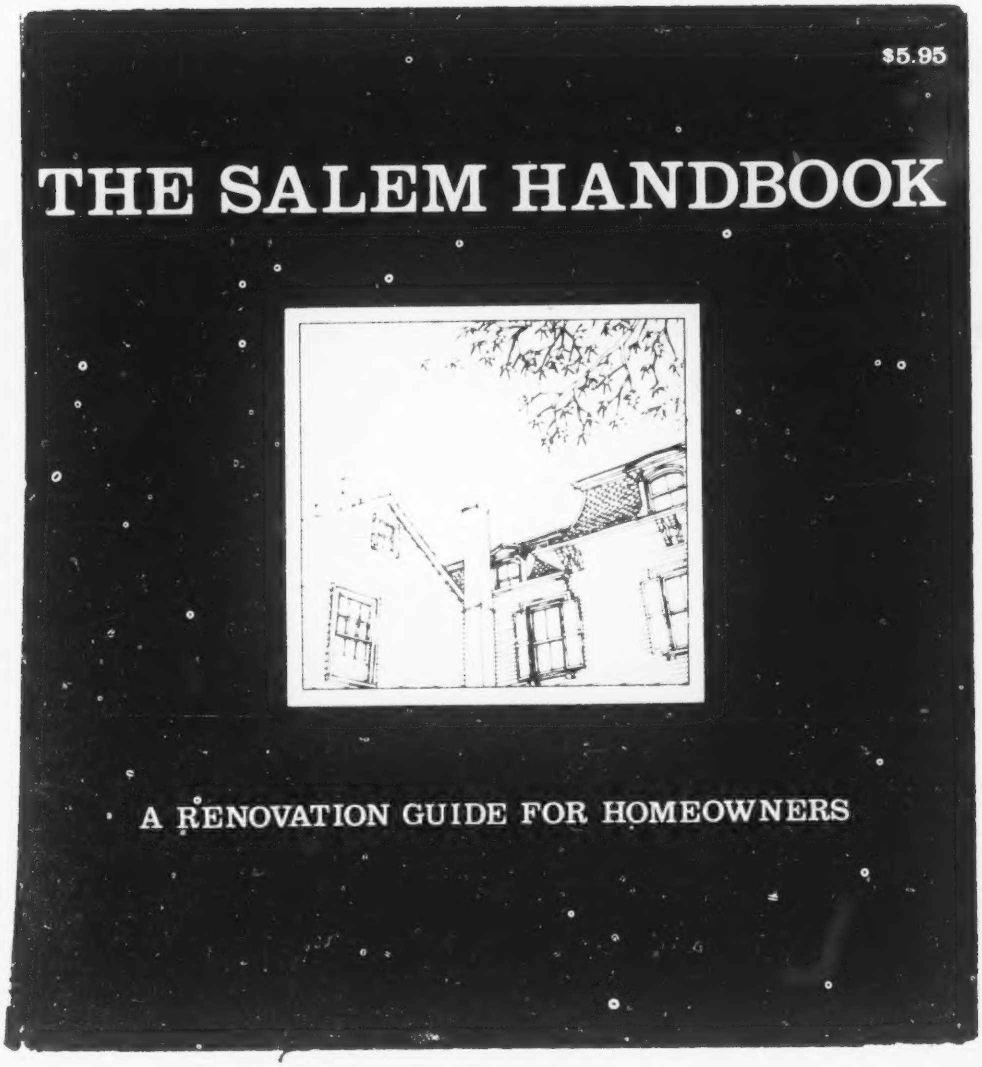
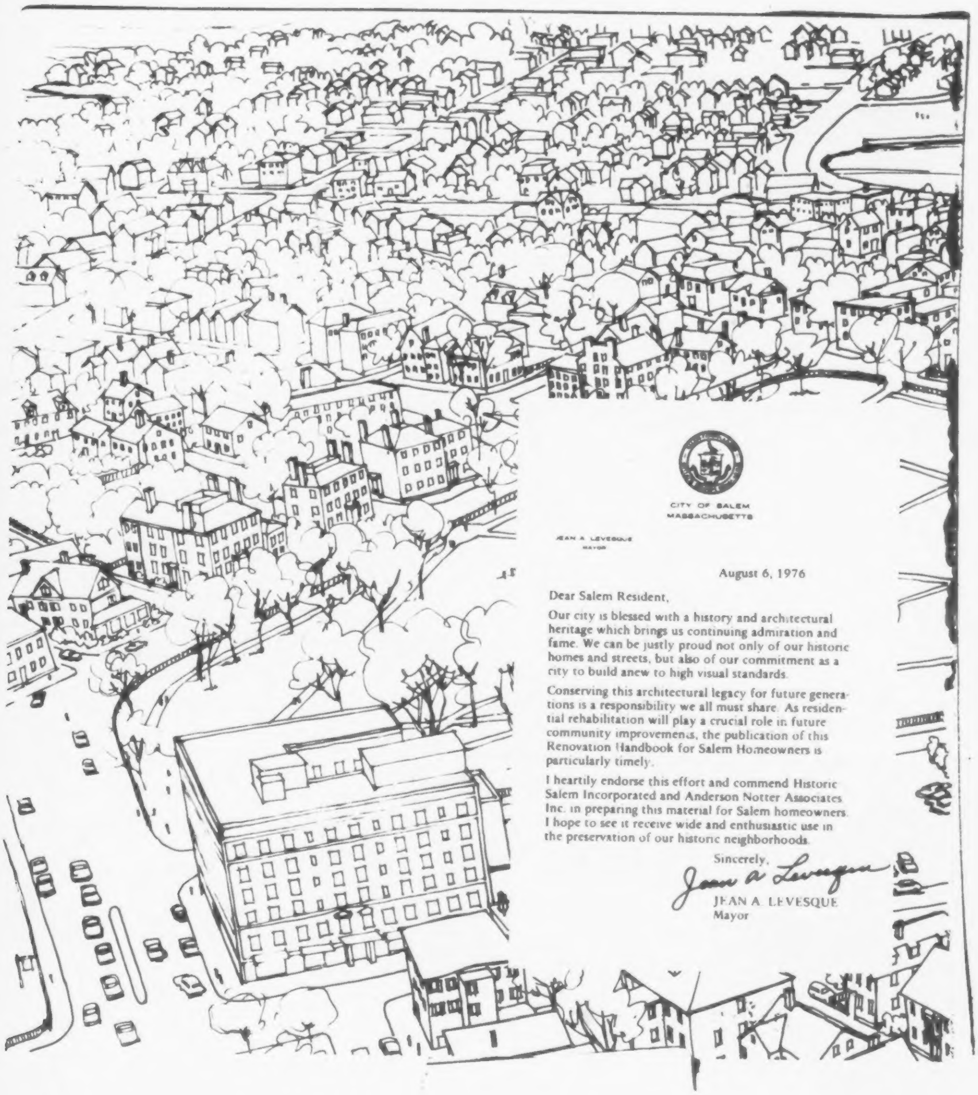


$5.95

THE SALEM HANDBOOK

A RENOVATION GUIDE FOR HOMEOWNERS



CITY OF SALEM
MASSACHUSETTS

JEAN A. LEVESQUE
MAYOR

August 6, 1976

Dear Salem Resident,

Our city is blessed with a history and architectural heritage which brings us continuing admiration and fame. We can be justly proud not only of our historic homes and streets, but also of our commitment as a city to build anew to high visual standards.

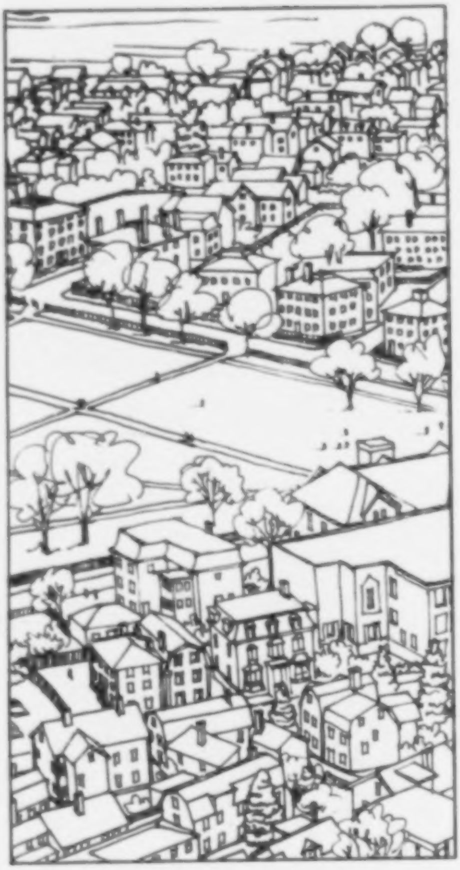
Conserving this architectural legacy for future generations is a responsibility we all must share. As residential rehabilitation will play a crucial role in future community improvements, the publication of this Renovation Handbook for Salem Homeowners is particularly timely.

I heartily endorse this effort and commend Historic Salem Incorporated and Anderson Notter Associates Inc. in preparing this material for Salem homeowners. I hope to see it receive wide and enthusiastic use in the preservation of our historic neighborhoods.

Sincerely,

Jean A. Levesque

JEAN A. LEVESQUE
Mayor



THE SALEM HANDBOOK

A RENOVATION GUIDE FOR HOMEOWNERS

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Prepared by:
Anderson Notter Associates Inc.
Historic Salem Incorporated

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Printed in U. S. A.

Acknowledgements

Historic Salem, Inc. prepared this handbook as part of its "East of the Palisades" neighborhood conservation planning project. Many people worked on this project, some of whom are listed below.

EAST OF THE PALISADES STEERING COMMITTEE

Stanley M. Smith, Chairman
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All board members, many members, and a large number of friends of Historic Salem, Inc., generously contributed to the "East of the Palisades" project. In addition, the following agencies made grants to support the project:

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The National Endowment for the Arts
Parker Brothers Games

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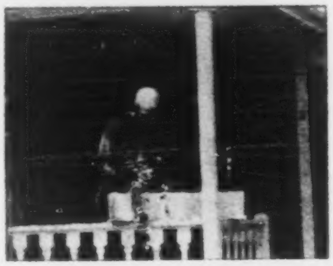
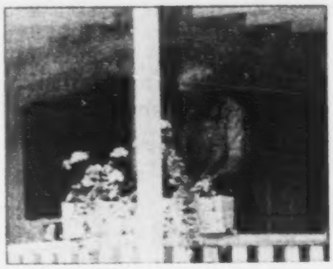
Purpose





This handbook has been prepared to help homeowners in Salem. Part of the pride we share as residents of this city comes from living in or near old buildings. Our older neighborhoods bring the past alive for residents and visitors alike, creating a legacy to pass on to future generations. We all now appreciate Salem's architectural diversity and realize it cannot be replaced. However, taking care of these historic properties can be difficult. Questions frequently arise about a building's style, design, and upkeep.

This manual addresses these three major concerns of preservation. First, we want to assist in identifying the stylistic features of Salem houses so that homeowners will take them into consideration before starting renovation and maintenance projects. Second, we provide design guidelines by suggesting ways a homeowner can treat architectural details, yards, parking areas, and sidewalks so these visible elements will enhance rather than detract from the rest of the neighborhood. And third, we direct attention to the basic structural problems that must be treated to avoid unnecessary deterioration of otherwise sound buildings.

Remember that the future of the environment depends on what you do to maintain or improve it. Look around you, consider what you see, and work with your neighbors. Salem has been here 300 years. She has something to say.

PHARMACISTS
SALEM

4

SALEM TODAY

Anyone familiar with Salem is aware that the city boasts a wealth of 17th, 18th, 19th, and early 20th century architecture. However, the variety of our environment is sometimes taken for granted. Indeed, until recently the vitality of our older buildings was not a major concern in local decision-making. For instance, Salem's first urban renewal plan came close to destroying the historic and architectural fabric of the city's core. Citizen protest halted this original scheme. A new philosophy followed which gave credence to preservation guidelines. As a result, the adaptive reuse of existing commercial buildings was encouraged. Salem's downtown now reflects a successful integration of old and new for all to enjoy.

Will the neighborhoods be protected?

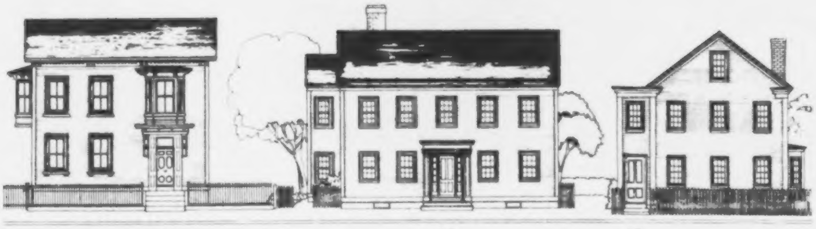
Beyond the commercial district lies another legacy that should be appreciated–our older neighborhoods. We must now consider how these residential areas can be protected. It is not important that these areas are called "historic." What *is* important is their value, for never again will houses be built with such high-quality materials and workmanship. As thousands of visitors flock to our city in search of this country's roots, we as residents should take note of their interest. Old buildings and their neighborhoods can help us understand the importance of our past by providing a shared history and a strong sense of community.

What can be done?

Salem is in transition. With the downtown urban renewal effort nearing completion and with signs of reinvestment emerging in other areas, the city stands at a critical crossroads. Many are optimistic about the future and are eager to work toward Salem's betterment. Yet there is the recognition that a "new Salem" requires a thoughtful commitment from all of us. Too frequently we have equated "new" with progress and have neglected our architectural inheritance in the process. As a result, Salem like other New England communities must still confront the effects a modern society imposes upon an environment of aging buildings. While change is inevitable in order for Salem to prosper, we should be assured that change will not undermine the unique character of our older residential areas.

You, the homeowner, will ultimately determine whether this character is retained. Only if you carefully consider how renovation and new construction will affect a building and its neighborhood will our older neighborhoods remain livable and attractive. Naturally, renovating an older house requires information that is not always readily available. In an effort to assist you, Historic Salem, Inc. has published this manual. We hope it will be an invaluable resource, guiding you in the improvement of your house and our city.

ESSEX STREET



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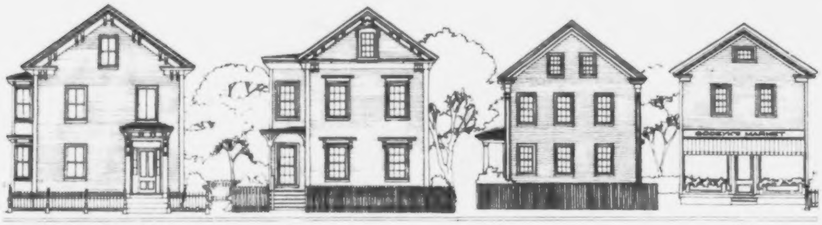

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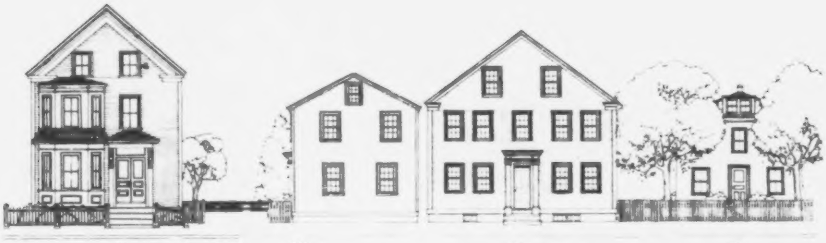

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6

SALEM HOMES: A GUIDE TO THE STYLES

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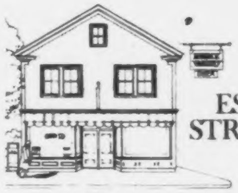

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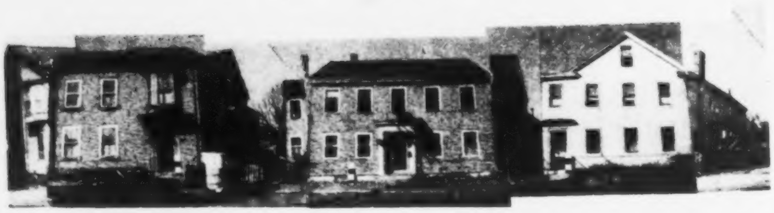

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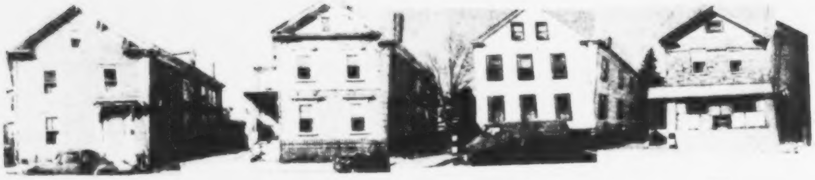

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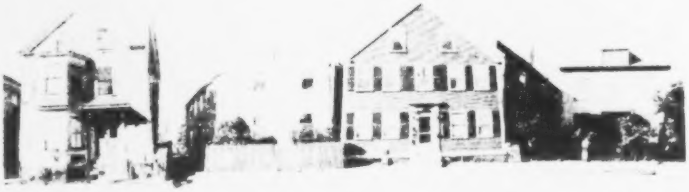

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Introduction

Generally it is better to preserve than repair,
better to repair than restore, better to restore
than reconstruct.

Salem possesses an architectural legacy that is probably unexcelled in a small urban American setting. Fine homes of the 17th, 18th, and 19th centuries line our neighborhood streets. While many people admire this architectural variety, they are often at a loss to identify a particular style or to determine when it flourished. This guide to the styles is designed to familiarize you with the most common architectural styles in our city.

As you look about at Salem's homes, you will note that few buildings exhibit *all* the features of the styles as we have described them. Indeed, very few houses exemplify a style in its pure form. Just as there is individuality in architectural features today, each craftsman in the past expressed his own unique tastes and skill. As you become familiar with the basic features of each style, recognizing these individual variations will bring continuing surprise and appreciation.

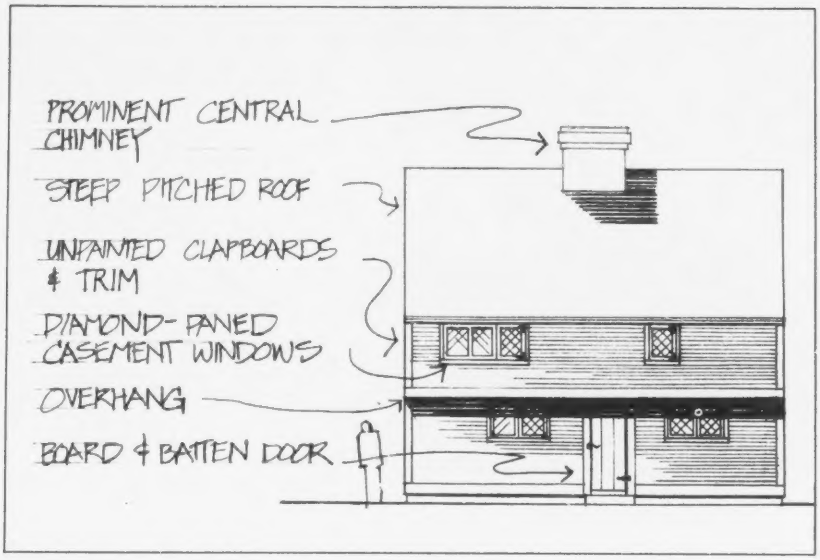
Do note that this catalogue of styles is limited. We have described only those styles most frequently found in Salem and have not accounted for all the variations within a style. The dates too are approximate, although as a rule they indicate the time frame within which the style enjoyed its greatest popularity.

Why care about the architectural style of a building?
An appreciation of Salem's architectural styles should inspire homeowners to conserve their old properties, retaining the architectural integrity whenever possible. Renovation too frequently disregards or even destroys the character of a building and a house can be robbed of its original charm as well as its long-term aesthetic and economic value. With care and understanding, an older home's architectural richness can be preserved.

This guide is presented to aid you in recognizing the styles of your own and your neighbors' houses, and to increase your familiarity with Salem's architectural traditions.

ESSEX
STREET

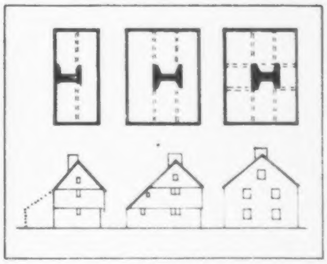
20

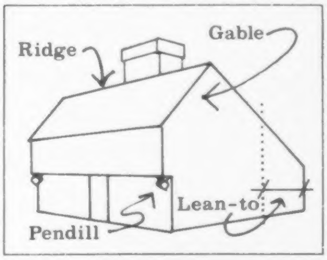

PROMINENT CENTRAL CHIMNEY
STEEP PITCHED ROOF
UNPAINTED CLAPBOARDS & TRIM
DIAMOND-PANED CASEMENT WINDOWS
OVERHANG
BOARD & BATTEN DOOR

Seventeenth Century
1600s–1725

Salem is fortunate in having several fine examples of seventeenth century architecture. As in the sketch in the upper right, buildings of this period rarely survive minus the addition of wings, ells, lean-tos, and other changes in architectural details. Why? Through the years changing styles, needs, and financial resources led to major modifications to meet different conditions. Consequently, the style in Salem, initially an outgrowth of English custom, took on a distinctly New England character.

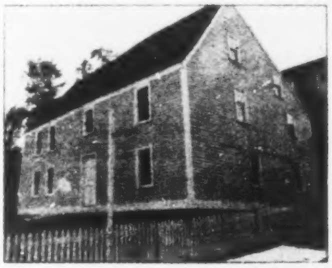
One of the most visited and famous buildings in New England, the House of Seven Gables exemplifies the larger house type with its multi-gables and chimneys.

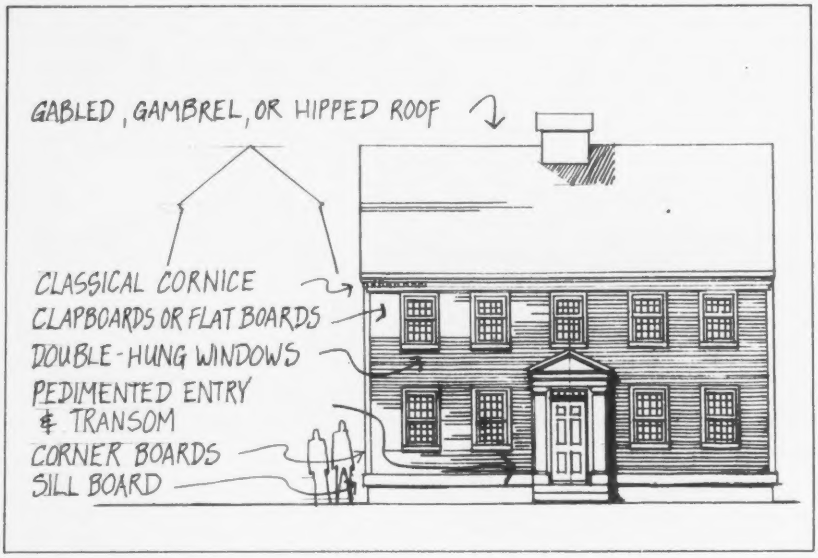




CHARACTERISTIC DETAILS

Plan	Originally one room deep with prominent central chimney. Often a second story overhang on front and/or sides with lean-to added to rear of building.
Doorway	Entrance on long side of building with little concern for facade symmetry. Simple, serviceable board and batten door.
Windows	Small, few in number, and asymmetrically placed. Framed simply, the windows were usually casement with diamond-shaped leaded panes.
Roofline	Steep pitch, often with many gables. Massive oblong, central chimney was roofline focus.
Materials	Timber frame construction. Usually unpainted wood with narrow clapboards.
Decorative elements	Minimal exterior decorative treatment.




GABLED, GAMBREL, OR HIPPED ROOF
CLASSICAL CORNICE
CLAPBOARDS OR FLAT BOARDS
DOUBLE-HUNG WINDOWS
PEDIMENTED ENTRY & TRANSOM
CORNER BOARDS
SILL BOARD

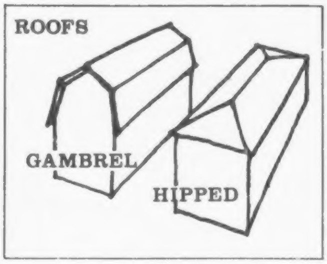
Georgian
1725–1775

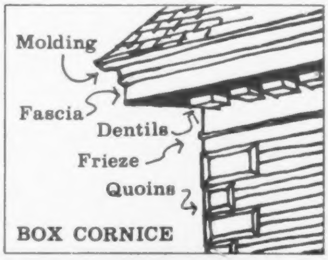
Although the community prospered during this period, Salem has few examples of high-style Georgian architecture, with its emphasis on heavy classical details and ornate richness. The Palladian window, so typical of the Georgian style in other areas of the country, is an infrequent sight in Salem as fine examples on Essex Street were razed. Instead, most Georgian houses here reflect characteristics of the Early Georgian style with vernacular local adaptations. These dwellings tended to be small, with one room on each side of the central chimney. Gambrel rooflines were common as was a simplicity of line and detail.

This photo shows the hip-roofed Georgian building at the corner of Hardy and Derby Streets.

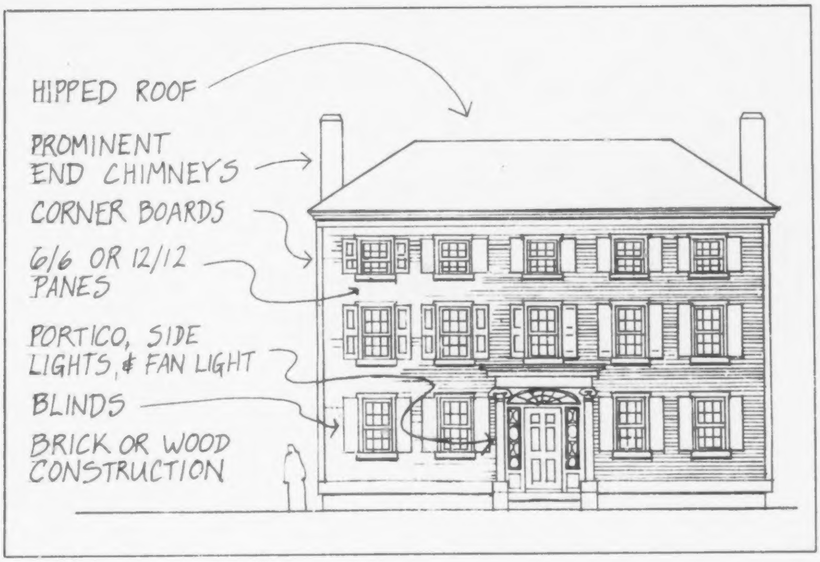
CHARACTERISTIC DETAILS

Plan	Classical symmetry of floor plan and facade composition. Central hall flanked by 1 or 2 rooms was common. Central chimney occasionally replaced by end/side chimneys.
Doorway	The main doorway often had a row of rectangular windows (called "lights") in the door itself or the transom above. Columns or pilasters capped by a cornice or triangular pediment frequently framed the door. Door had 6 or 8 panels with smaller panels in middle.
Windows	Usually double-hung sash. Symmetrical placement. Pedimented dormers often used in the attic. Upper story windows often flush against the frieze.
Roofline	Usually gambrel; sometimes gabled. Hip roof became popular around 1770.
Materials	Executed in wood or brick.
Decorative elements	On finer homes plain eaves were replaced with a molded cornice, often detailed with dentils and quoined corners.





A fine Georgian entrance on Turner Street. Notice the stained clapboards and trim.

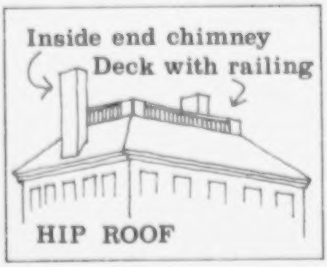

HIPPED ROOF
PROMINENT END CHIMNEYS
CORNER BOARDS
6/6 OR 12/12 PANES
PORTICO, SIDE LIGHTS, & FAN LIGHT
BLINDS
BRICK OR WOOD CONSTRUCTION

Federal
1780-1830

With the close of the Revolutionary War, Salem embarked on its era of greatest maritime glory. It was a period of architectural achievement manifested in the genius of a native son, Samuel McIntire. Indeed, Salem is perhaps best known for its Federal homes of the three-storied, four-square, hipped roof type. While Chestnut Street and the buildings facing the Common are the most familiar examples, fine Federal buildings are throughout the city. Equally prevalent is the vernacular Federal house–a gable-roofed, central chimney, wood frame structure of rectangular plan, simple in detail and smaller in size.

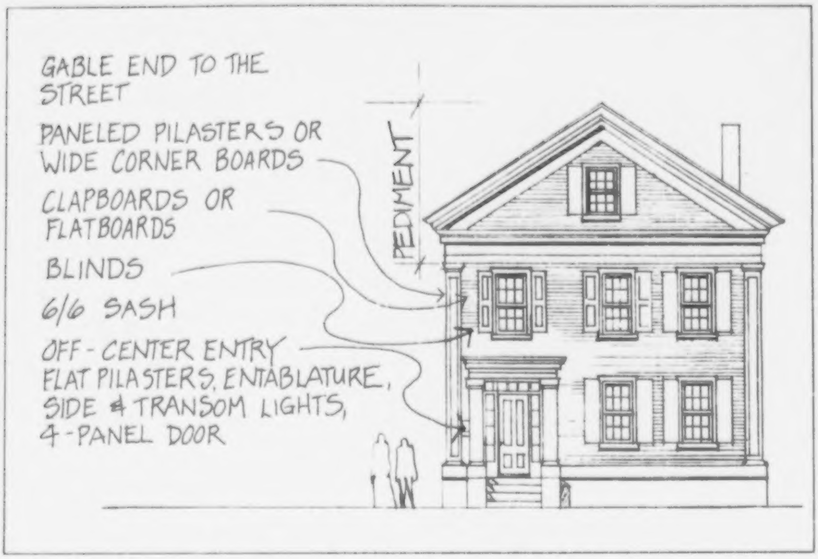
An imposing Federal brick residence, the Home for Aged Women, 180 Derby Street, commands a fine view of Salem Harbor.

CHARACTERISTIC DETAILS	
Plan	Usually a central hall plan, five-bay facade arrangement with central front door. Symmetry of Georgian style retained.
Doorway	Often had semi-elliptical or semi-circular fanlight with flanking sidelights. Frequently decorated by pilasters and/or columns with a flat entablature. Semi-circular or rectangular porticos were common. Usually six-panel door.
Windows	Narrow proportions with simple casing and slender mullions (often had stone lintels over windows).
Roofline	Gable or a shallow hip roof often hidden behind a balustrade. Tall, slender chimneys appeared at ends of building.
Materials	Executed in wood or brick. Sometimes flatboards on the front facade with brick on the sides and rear.
Decorative elements	Simplicity and lightness of detail. Much of the heavier classical decoration of the Georgian style was refined.



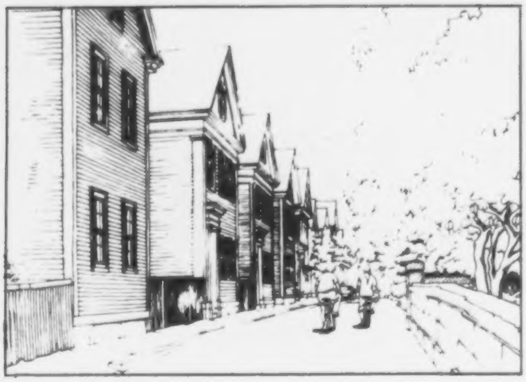
Palladian windows in Samuel McIntire's Hamilton Hall add to the architectural richness of Chestnut Street.

This Federal doorway was altered at the turn of this century to reflect the changing architectural styles.


GABLE END TO THE STREET
PANELED PILASTERS OR WIDE CORNER BOARDS
CLAPBOARDS OR FLATBOARDS
BLINDS
6/6 SASH
OFF-CENTER ENTRY
FLAT PILASTERS, ENTABLATURE, SIDE & TRANSOM LIGHTS, 4-PANEL DOOR
PEDIMENT

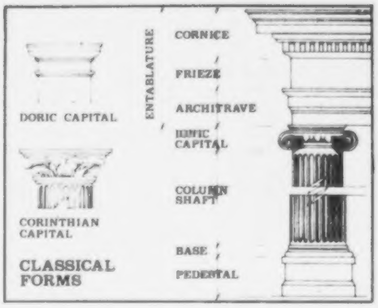
Greek Revival
1825-1850

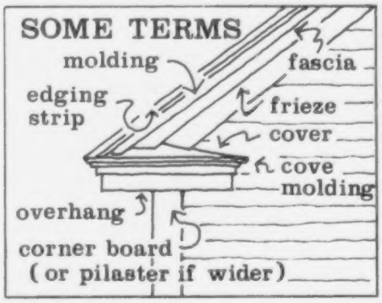
The Greek Revival style of architecture is often called the "first truly American style." Earlier styles were inspired by English building fashions and frequently built from "pattern books" imported from England. It arose out of the young nation's desire to identify with the ideals and architecture of the ancient Greek Republic, heightened by interest in the 1821 Greek Revolution. There are few "grand" examples of this style in Salem. The continuing influence of Samuel McIntire's work in the Federal style and the diminishing prosperity of the city during the 1820's and 1830's may account for this.



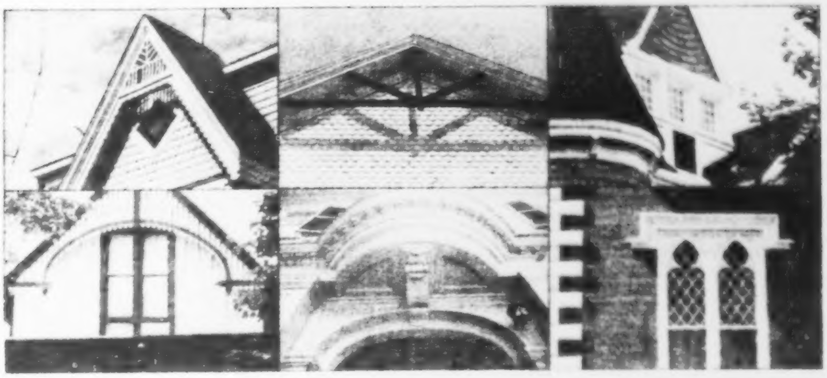
CHARACTERISTIC DETAILS

Plan	For the first time, the focus shifted from long side of house to short gabled end.
Doorway	Fanlights and other elaborate details of the Federal doorway were replaced by a recessed doorway. Framed by narrow, floor-length sidelights and a transom, it was usually flanked by flat pilasters and an architrave. Generally a four-panel door with smaller panels at bottom.
Windows	Elongated windows with 6-over-6 panes.
Roofline	Gable of medium pitch, sometimes with low, triangular pediment. Chimneys became small and insignificant.
Materials	Siding was usually clapboard. Matched flatboards designed to resemble stone also were often found on the facade.
Decorative elements	Simple lines resulted from concern for classical formalities. Massive pilasters or wide columns supporting a triangular pediment and a flat band under the eaves gave the appearance of a Greek temple.

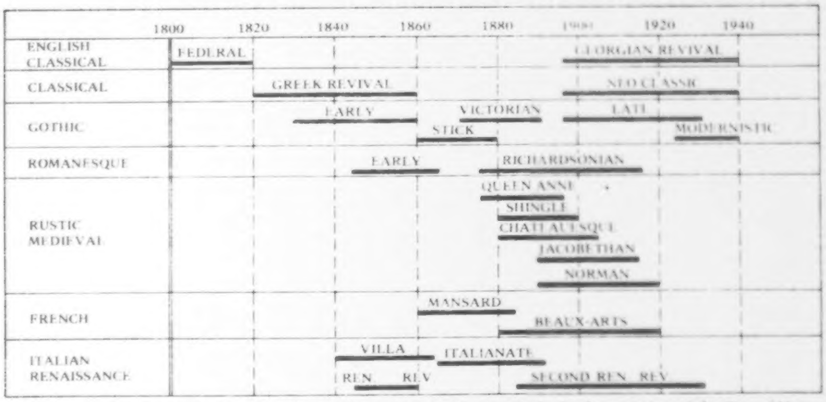

DORIC CAPITAL
CORINTHIAN CAPITAL
CLASSICAL FORMS
ENTABLATURE
CORNICE
FRIEZE
ARCHITRAVE
IONIC CAPITAL
COLUMN SHAFT
BASE
PEDESTAL


SOME TERMS
molding
fascia
edging strip
frieze
cover
cove molding
overhang
corner board
(or pilaster if wider)

49 Summer Street is a fine Greek Revival building with flat board siding.



The Styles of the Late 19th Century

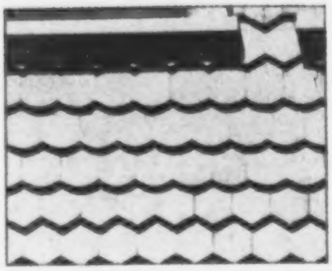


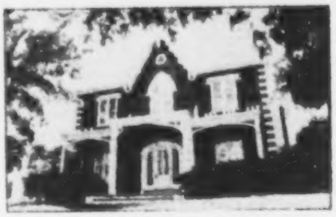
From *How to Love and Care for Your Old Building in New Bedford,* with the kind permission of the City of New Bedford and Maximilian L. Ferro AIA, RIBA, Architect, Society for the Preservation of New England Antiquities.

Introduction

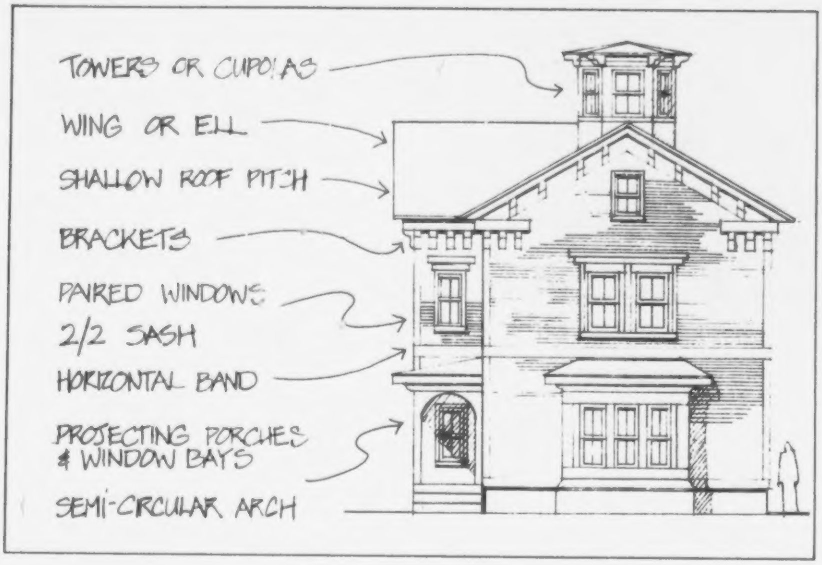
The second half of the nineteenth century was characterized by a great diversity and richness of architecture. As the chart shows, the "proper" style was no longer limited to the English or classical tradition. Instead, builders now looked to many countries for inspiration. A number of inventive pattern books illustrating "Italian villas," "Gothic cottages," and "tasteful homes for the country gentleman" became available to instruct the local homebuilder. The widely read pattern books of Andrew Jackson Downing encouraged the homebuilder to reject the previous plain, symmetrical, box-like styles and to use decorative wooden brackets, projecting rooflines, and free-flowing spaces.

Builders felt free to combine many stylistic details into one house so, more than ever, a "pure" style had little meaning. However, several general statements can be made about the evolving architectural tradition. First, the invention of the jigsaw and other tools enabled craftsmen to give each house elaborate woodworking since unequaled. It also became possible to update houses of earlier periods by simply applying brackets and other decorative trim. Second, there was a marked increase in the variety of surface textures and colors. Inventive shingle and slate patterns became popular for walls and roofs. Cornices, doors, corners, and windows were embellished with ornamental wood details, often painted a number of different colors. Third, there was greater variety in floor plans as evidenced by projecting towers, porches, bays, turrets, multi-rooflines, and wings. Last, it should be noted that each house was an attempt to embody an image or "taste," so even a modest "cottage" displayed some decorative woodwork.





One of the many styles of the 19th century is the Gothic Revival. This house is located on Lafayette Street in Salem.

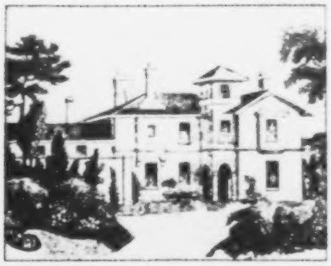

TOWERS OR CUPOLAS
WING OR ELL
SHALLOW ROOF PITCH
BRACKETS
PAIRED WINDOWS
2/2 SASH
HORIZONTAL BAND
PROJECTING PORCHES & WINDOW BAYS
SEMI-CIRCULAR ARCH

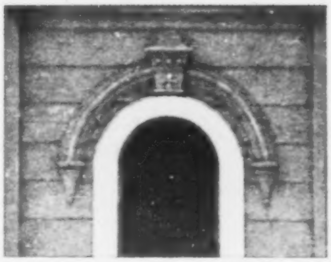
Italianate
1845-1860

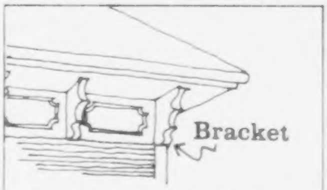
This style, inspired by the vernacular farmhouse architecture of the Italian country villas, is most frequently identified by heavy wooden brackets or pendants. While there are few Salem houses which exemplify the Italianate style, its influence is apparent in the use of bracketed details throughout the city. Because bracket-work became the trademark of Italianate-inspired houses, it can lead to a misconception of a building's age and style. For as the popularity of the Italianate style grew, bracketing was commonly added to Georgian, Federal, and Greek Revival houses in an attempt to modernize them.

CHARACTERISTIC DETAILS

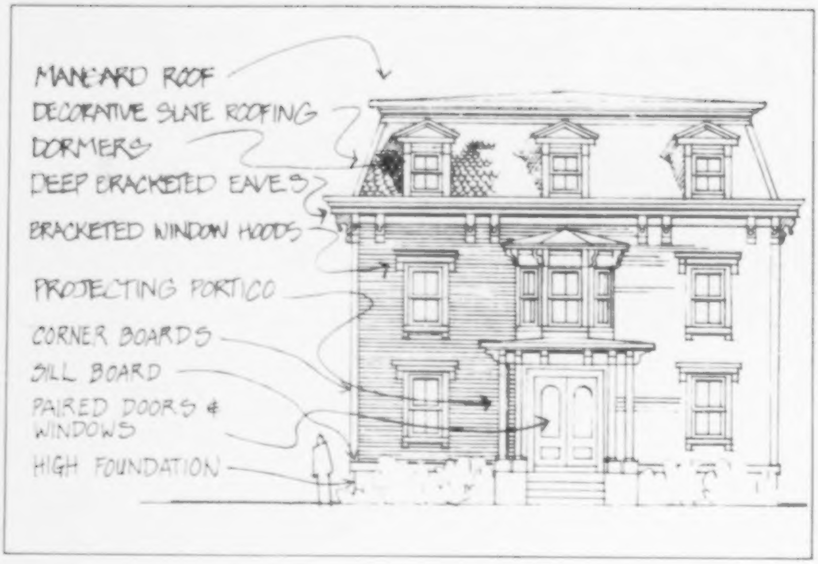
Plan	Less formal than Georgian or Federal styles. Asymmetrical massing reflects the interior floor plan. Use of wings, towers, and bay windows was common.
Doorways	Heavily molded doors, often double and asymmetrically placed. Heavy wooden bracketing over door was major decorative feature. Sidelights and transom disappeared.
Windows	Tall and slender, often 2-over 2. Round-headed, paired windows appeared. Use of bracketing.
Roofline	Slight pitch and usually gabled, hipped, or both.
Materials	Executed in wood with frequent use of flatboards.
Decorative elements	Identified by heavy wood brackets under the eaves as well as over the doors and windows. Took on a variety of forms such as the scroll bracket, the bracket with pendant, and the ornamental pendant.





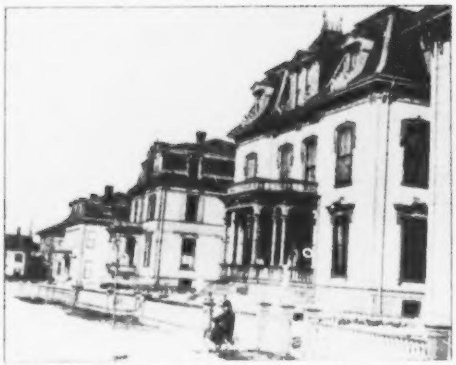


Bracketed cornice with paneled frieze


MANSARD ROOF
DECORATIVE SLATE ROOFING
DORMERS
DEEP BRACKETED EAVES
BRACKETED WINDOW HOODS
PROJECTING PORTICO
CORNER BOARDS
SILL BOARD
PAIRED DOORS & WINDOWS
HIGH FOUNDATION

Second Empire
1860-1880

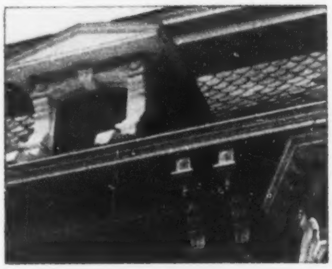
The Second Empire style took its name from the reign of Emperor Napoleon III. This style is popularly referred to as Mansard, for it was Mansart who introduced the characteristic double-pitched roof in his design of the Louvre Museum in Paris, France. Earmarked by this mansard roofline with dormers enclosing the top floor on all sides, the buildings of the Second Empire style are imposing, boldly modeled, and emphatically three-dimensional in effect. Fine examples of large Second Empire style houses can be seen on Lafayette and Essex Streets in Salem.

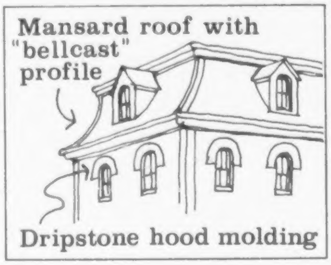


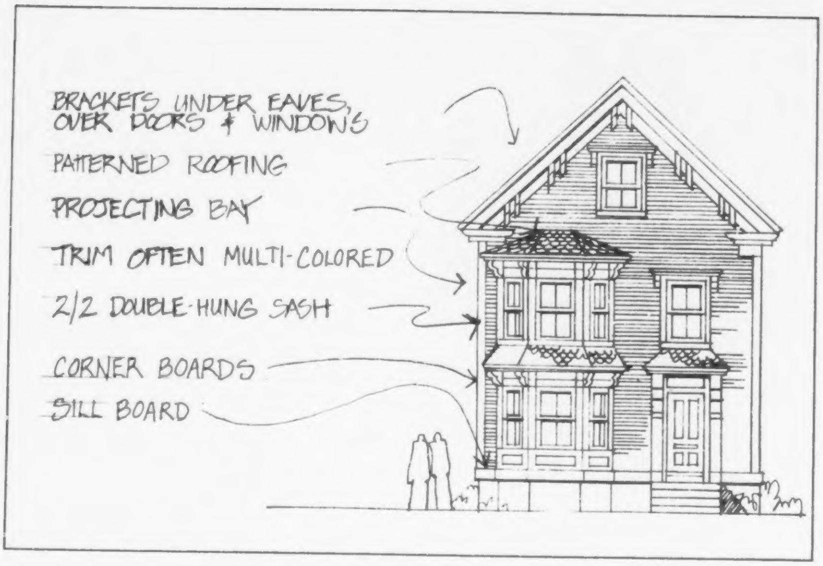
Above, Lafayette Street as it looked at the turn of the century.

CHARACTERISTIC DETAILS

Plan	Usually central hall plan. Three- or five-bay facade with center entrance. Buildings became asymmetrical in shape with additions of rooms and porches.
Doorway	Central doorway was no longer the dominant feature of the facade. With the exception of bracketing, detail was minimal.
Windows	Slender and elongated. Dormer windows became universal in a variety of shapes (rectangular, pointed, gabled, and rounded) and were often ornamented with pediments and brackets.
Roofline	Hallmark of the style is the high slate mansard roof, which increased the available floor space.
Materials	Primarily wood or brick. Flatboards commonly found on facade.
Decorative elements	Ornate moidings and brackets. Houses often had spacious porches or verandas.



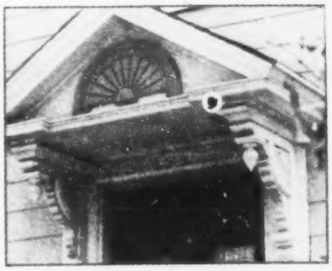


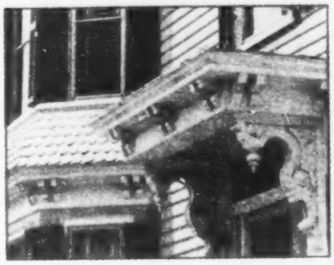

BRACKETS UNDER EAVES, OVER DOORS & WINDOWS
PATTERNED ROOFING
PROJECTING BAY
TRIM OFTEN MULTI-COLORED
2/2 DOUBLE-HUNG SASH
CORNER BOARDS
SILL BOARD

Late Victorian Eclectic

1875-1920

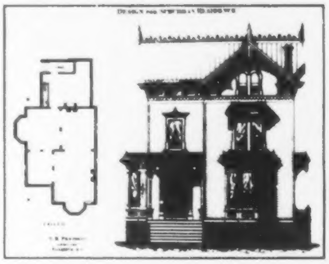
The term "Victorian" has often been used to refer to an architectural style while it merely should date the reign of Queen Victoria of England (1837-1901). Thus, when "Victorian period" (or "era") is mentioned in this handbook, it refers to a time, not a style. Instead, the term "Late Victorian Eclectic" has been coined to group the various styles of the late nineteenth and early twentieth centuries in Salem. This includes houses of the Stick style, found in the Willows area, and the Queen Anne style, scattered throughout the city. It also embraces the blending of styles typified by Boardman Street.

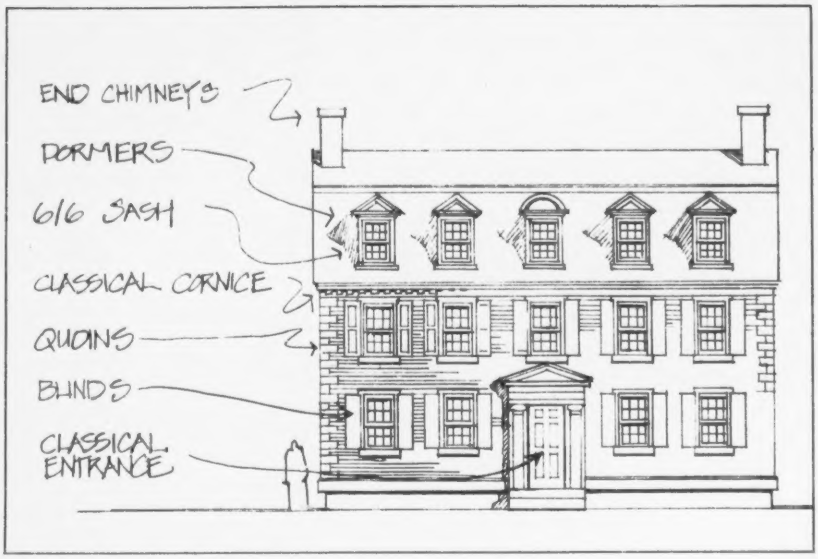




CHARACTERISTIC DETAILS

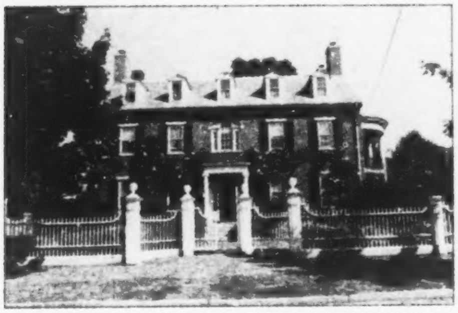
Plan	Irregular massing of exterior details reflected a free-form interior plan.
Doorway	Typically four-panel door with no or narrow sidelights. In Queen Anne style the upper half was often glass with small leaded panes.
Windows	Long and narrow. In the Queen Anne style bay and multi-shaped windows were common.
Roofline	Steep, with presence of multiple gables. Verandas, porches, and projecting eaves were typical.
Materials	Mixture of materials and textures. Variety in color was common in Queen Anne buildings.
Decorative elements	Predominance of "gingerbread" details (brackets, hanging pendants, and rows of spindles). Chimneys with paneled or molded brick, turrets, and colored-glass windows typified the Queen Anne style. "Stickwork" (clapboards overlaid with vertical, horizontal, or diagonal boards) is a feature of the Stick style.

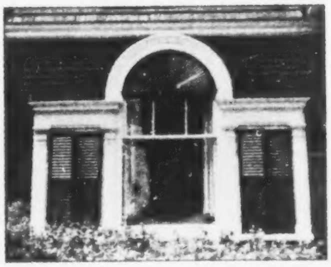



END CHIMNEYS
DORMERS
6/6 SASH
CLASSICAL CORNICE
QUOINS
BLINDS
CLASSICAL ENTRANCE

Georgian Revival
1895–1930

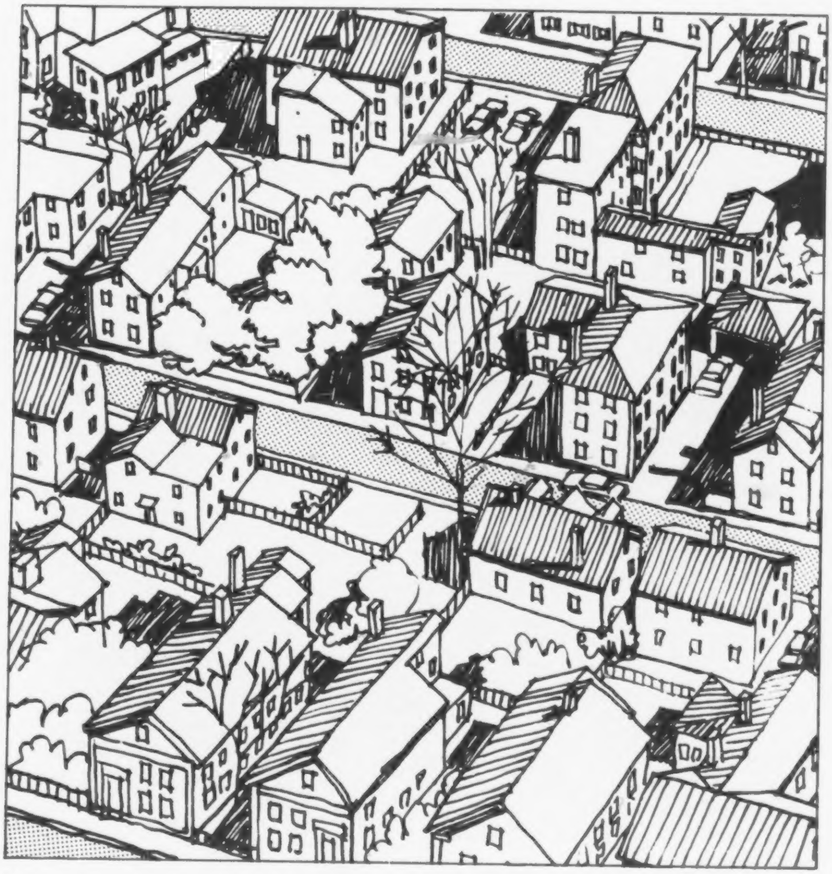
After the 1876 Centennial an interest in returning to the simplicity of Georgian architecture inspired the Georgian Revival style. Characterized by a rectangular plan, a symmetrical facade, and classical detail, the style became quite popular in Salem. Scattered throughout the city, the buildings are recognizable by their grander scale and classical correctness. Note the fine Georgian Revival buildings lining Lafayette and Essex Streets.





CHARACTERISTIC DETAILS

Plan	Rectangular with a minimum of minor projections. Strict symmetry gave the building facade strong balance.
Doorway	Doorways frequently had very elaborate fanlights and sidelights with or without supporting pilasters. Sometimes a portico with free-standing columns framed the center entrance. Central bay of facade projected slightly and was sometimes crowned with a pediment.
Windows	Rectangular with double-hung sash. Palladian window often used as decorative focus. Semi-circular, multi-storied bay window often featured.
Roofline	Roofs are hipped, double-pitched, or gambrel. Chimneys placed to contribute to overall symmetry. Hipped roof often topped with a flat deck surrounded by a railing or balustrade. Sometimes a central cupola capped the roofline.
Materials	Executed in brick or wood.
Decorative elements	Classical cornice detail.



28

ARCHITECTURAL GUIDELINES

Demonstration Renovations 30

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Windows and Blinds 42

Trim 46

Additions 48

Modern Details 49

Color 50

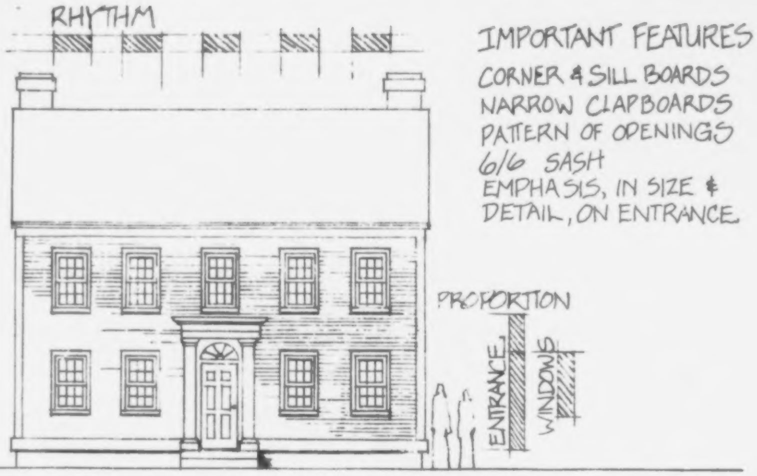
> Good design by its example can be infectious; on the other hand, it only requires a few pioneers in the nastier forms of rehabilitation and "there goes the neighborhood"–and with it some of the value of each house, good or bad.
>
> George Steven, *Remodeling Old Houses* (New York: Alfred A. Knopf, Inc., 1975), p. 15.

This section of *A Renovation Handbook for Salem Homeowners* deals in detail with design problems and choices commonly encountered when remodeling or restoring an old home. It is intended to illustrate the renovation choices affecting the *appearance* of a house and to guide you in making these choices. The following section, Maintaining Your House, provides basic information–the "nuts and bolts" of procedures, materials, and costs involved in fixing up an old home.

Restoring or remodeling your own home is a very personal undertaking that provides an opportunity to display your tastes and often your own handiwork. Just as there is a great variety and individuality among homes of the same style, there are numerous options for the homeowner contemplating changes to his house. Keep in mind there are no hard and fast "rules." What we attempt to illustrate and explain in the following sections are guidelines.

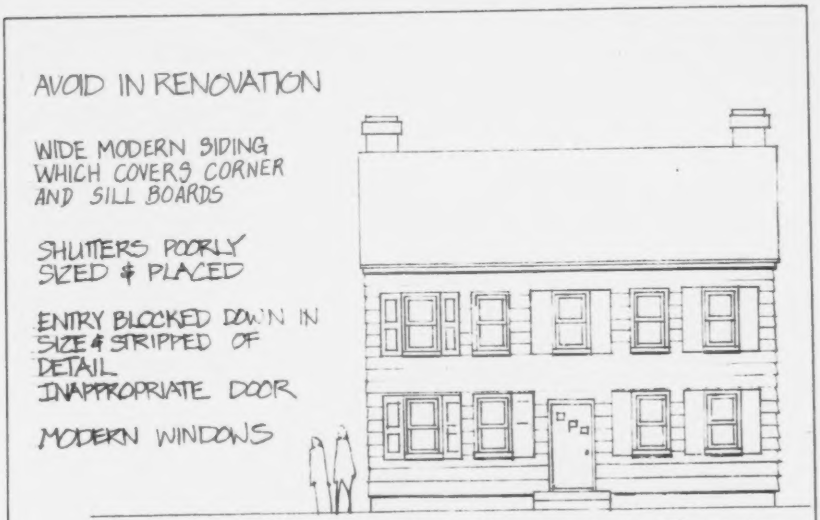
As a start remember these useful rules:

- Don't over-restore.
- Don't try to make a house look older than it is by using details from an earlier style.
- When in doubt retain as much as possible of the original.
- Don't assume a detail can't be saved.
- Good ideas and advice are all around you–houses, architects, and neighbors.


RHYTHM
IMPORTANT FEATURES
CORNER & SILL BOARDS
NARROW CLAPBOARDS
PATTERN OF OPENINGS
6/6 SASH
EMPHASIS, IN SIZE & DETAIL, ON ENTRANCE
PROPORTION
ENTRANCE
WINDOWS

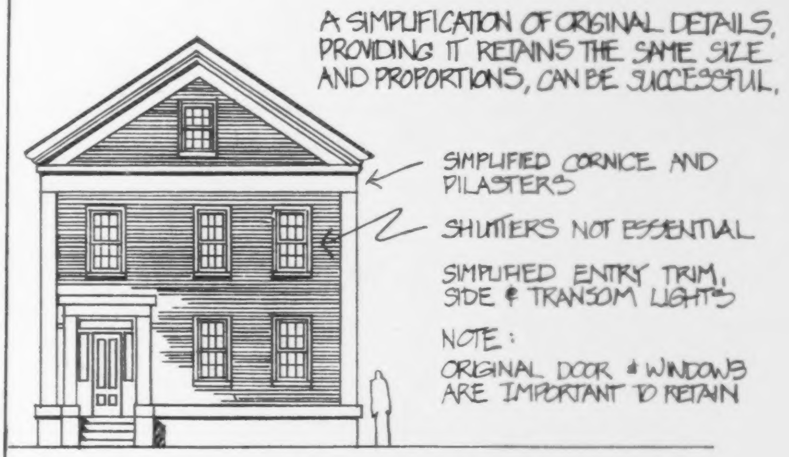
Renovation Retaining Original Features

The two sketches on these pages show a gable roofed, central entry house of the Federal style. In the sketch above, it can be seen that much of the attractiveness of the original design is due to the proportions and symmetry of the house and the pattern of its window and door openings. The dimension of the narrow clapboards and the multiple division of the window panes establish the scale elements of the house. The horizontal line of the clapboards is stopped and given "edges" by the vertical cornerboards.


AVOID IN RENOVATION
WIDE MODERN SIDING WHICH COVERS CORNER AND SILL BOARDS
SHUTTERS POORLY SIZED & PLACED
ENTRY BLOCKED DOWN IN SIZE & STRIPPED OF DETAIL
INAPPROPRIATE DOOR
MODERN WINDOWS

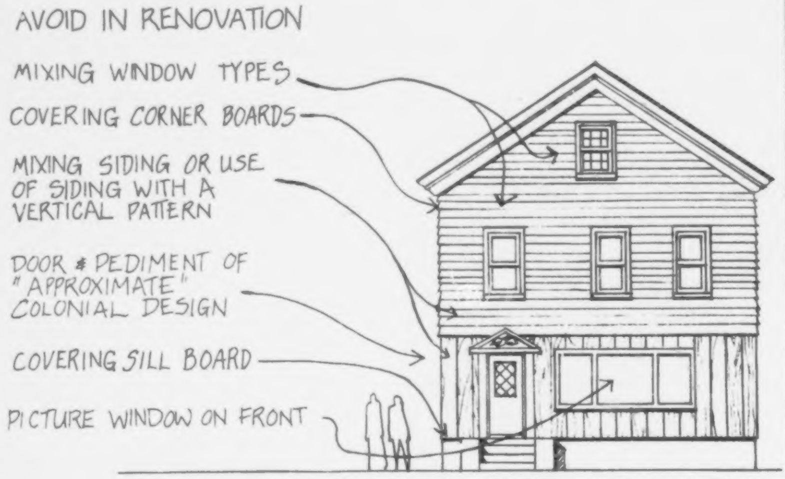
Renovation Which Diminishes Historic Character

In this sketch, the details have been obscured by the blocking down of the entry, by the replacement of siding with larger dimension asphalt which covers the cornerboards, and by the fewer-paned modern windows. The result is a less interesting house—a hodgepodge of elements that makes the house neither modern nor charming and old. Though shutters may not have been an original feature of this house and are optional, they are appropriate for houses of the Federal period.


A SIMPLIFICATION OF ORIGINAL DETAILS, PROVIDING IT RETAINS THE SAME SIZE AND PROPORTIONS, CAN BE SUCCESSFUL.
SIMPLIFIED CORNICE AND PILASTERS
SHUTTERS NOT ESSENTIAL
SIMPLIFIED ENTRY TRIM, SIDE & TRANSOM LIGHTS
NOTE:
ORIGINAL DOOR & WINDOWS ARE IMPORTANT TO RETAIN

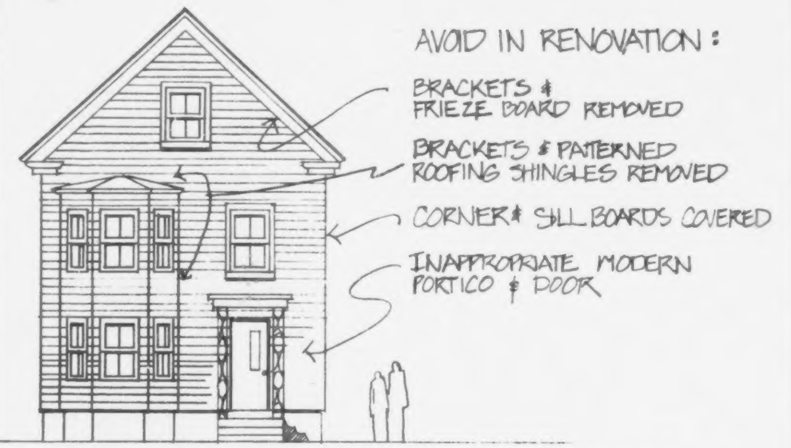
Renovation Respecting Original Features

These sketches illustrate a Greek Revival-style house. The sketch above shows a modern, simplified treatment of the house respecting the original design with all the details that give it character: narrow clapboards, wide cornerboards, wide trim around the windows, and the proportions of the original openings and entry. (See page 16 for the original house.) This example suggests that a simplicity of detail and trim, which retains the original proportions and dimensions, can have the same visual "weight" as the original features.


AVOID IN RENOVATION
MIXING WINDOW TYPES
COVERING CORNER BOARDS
MIXING SIDING OR USE OF SIDING WITH A VERTICAL PATTERN
DOOR & PEDIMENT OF "APPROXIMATE" COLONIAL DESIGN
COVERING SILL BOARD
PICTURE WINDOW ON FRONT

Renovation Completely Hiding Original Style

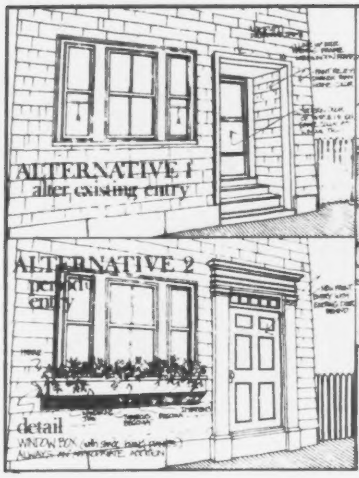
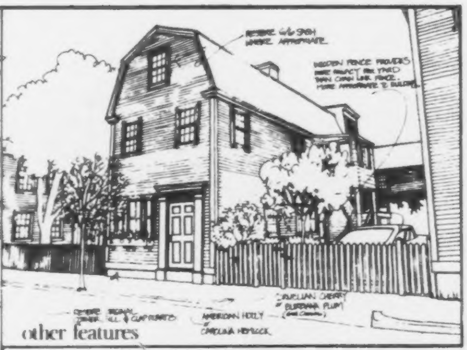
This sketch illustrates the loss of window symmetry resulting from the installation of a modern stock lumberyard "picture window." The blocking down of the door, the use of a fake pediment and eagle, and the diamond-paned door attempt to make the building look older than it is by using stock items of supposed Colonial design. The design has been further weakened in the sketch by the covering of cornerboards and by the use of different siding materials, giving a half-and-half appearance to the house facade.


AVOID IN RENOVATION:
BRACKETS & FRIEZE BOARD REMOVED
BRACKETS & PATTERNED ROOFING SHINGLES REMOVED
CORNER & SILL BOARDS COVERED
INAPPROPRIATE MODERN PORTICO & DOOR

Inappropriate Renovation Removing Decorative Trim

The sketch above illustrates a "renovation" of a Victorian period house with bracketed trim and a bay window. (See original house, page 24.) This treatment could be called "faulty modernization." The facade has been stripped of many features that gave it interest. The cornerboards, window, and door trim have disappeared completely, as have the different textures on the bay which served to relate its size and shape to the rest of the house. The modern iron posts supporting the entry hood appear too delicate to support the weight of the hood. The design of these posts, and of the door as well, is "modern" only in its current availability.

What should the homeowner do when, through change of use or needed expansion, new major architectural features must be added to an older-style home?



ALTERNATIVE 1
alter existing entry
ALTERNATIVE 2
period entry
detail
WINDOW BOX (with simple, hardy plants)
ALWAYS AN APPROPRIATE ADDITION
RESTORE 6/6 SASH
WHERE APPROPRIATE
WOODEN FENCE PROVIDES
MORE PRIVACY FOR YARD
THAN CHAIN LINK FENCE.
MORE APPROPRIATE TO BUILDING
CORNELIAN CHERRY
or BURGUNDY PLUM
AMERICAN HOLLY
or CAROLINA HEMLOCK
other features

JASKIEL HOUSE
circa 1770
109 Derby Street

The photograph above shows a Georgian gambrel home with alterations: a picture window, a new front entry (the original "front" entry was on the side of the house), and a two-story porch allowing entry to the top floor apartment. As the front door in this location would not have been a correct feature of a Georgian house, a period treatment could be criticized as a "fake" addition. And since many original features of the Georgian style are now altered (cornerboards, clapboards, 6-over-6 sash windows), the restoration of the door alone would appear awkward on the house in its present condition. The best course would be to treat the new door in a modern way with simple details and with proportions that relate to other dimensions of the house.

As these renovation alternatives illustrate, there is a "language" of design features–doors, windows, and detailing–which determine the character and style of an older house. The following section discusses these separate features in an effort to acquaint you with the treatment alternatives for the details which will so directly reflect the care and effort you have invested in your home.

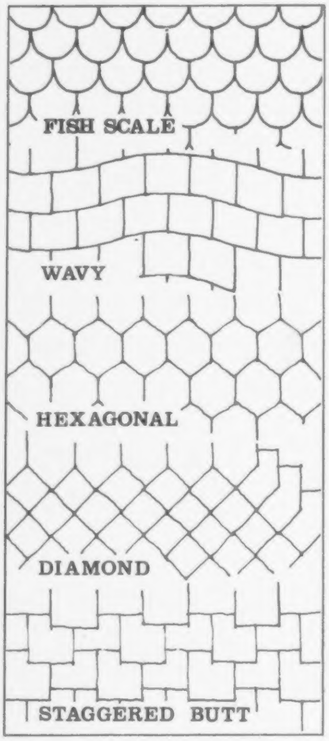
SIDING

As you look around Salem you can see that siding material contributes to or detracts from the overall attractiveness of a building. Since the choice of siding influences the appearance of your property to such an extent, consider the following points.

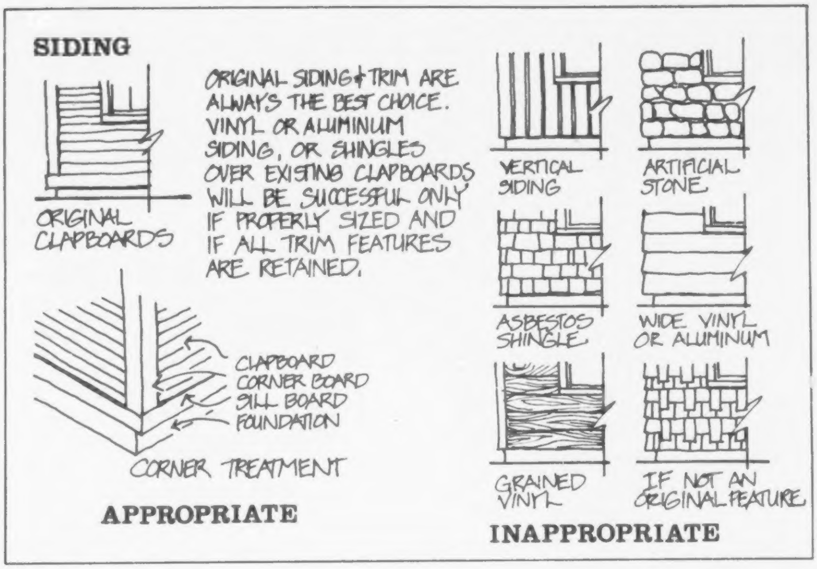
As a rule, nothing looks better than the original building material. In Salem, wood clapboards are the most common form of siding, casting distinctive shadow lines on the building's surface. If maintenance and/or finances dictate a replacement of clapboard siding, try to reproduce the original material as closely as possible. If you decide upon vinyl/aluminum siding, remember the following:

1. Both are imitation materials so they should look like the clapboards they imitate. The additional effects, such as wood graining, which do not appear on wood clapboards, are unnecessary.
2. The spacing between siding strips should be as close as possible to the original clapboards. When the spaces are widened, the scale of the house is changed and the appearance suffers.
3. Existing trim—cornerboards and window and door details—should not be hidden. Many houses have lost their character because their details were covered when siding was applied.

Siding materials that claim to imitate brick or stone should be avoided. Despite attempts to copy texture and color, they are generally unsuccessful. Similarly, asphalt and asbestos shingles should not be replacements for clapboarding. The fine horizontal lines of the clapboards are replaced by an overall texture of small, repetitive units. As a result the facade becomes choppy and details are obscured.

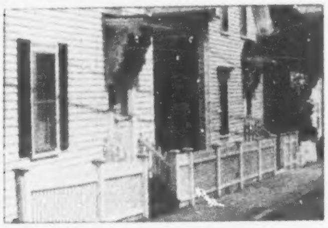


Some of the numerous inventive shingle patterns popular for homes built after the 1880's.


SIDING
ORIGINAL SIDING & TRIM ARE ALWAYS THE BEST CHOICE. VINYL OR ALUMINUM SIDING, OR SHINGLES OVER EXISTING CLAPBOARDS WILL BE SUCCESSFUL ONLY IF PROPERLY SIZED AND IF ALL TRIM FEATURES ARE RETAINED.
ORIGINAL CLAPBOARDS
CLAPBOARD
CORNER BOARD
SILL BOARD
FOUNDATION
CORNER TREATMENT
APPROPRIATE
VERTICAL SIDING
ARTIFICIAL STONE
ASBESTOS SHINGLE
WIDE VINYL OR ALUMINUM
GRAINED VINYL
IF NOT AN ORIGINAL FEATURE
INAPPROPRIATE

Wood shingles can also create this choppy effect. Of course, wood shingles can be a durable and attractive finishing material, provided the house was originally designed for them. Styles of the late nineteenth century effectively integrated shingles and other materials to create pleasing multi-textured facades. However, it should be noted that these buildings were constructed with the use of varied materials in mind. The scale, shape, and other stylistic features of the buildings all complemented the elaborate mixture of siding material found in the Queen Anne, Stick, and Shingle styles. Unfortunately, the same effort on a rectangular building creates a visual hodge-podge.

ENTRANCES



Visually the single-most important exterior detail of a building, the entrances of old homes are invariably characterized by fine craftsmanship. In renovation it is important to retain as much as possible of the original entrance treatment, especially its size and proportions.

Because the entrance is a key determinant of the character of the house, it is often a target for those seeking a quick "effect" when rehabilitating. Thus many entrances have been subjected to thoughtless revision when perhaps only a coat of paint was needed.

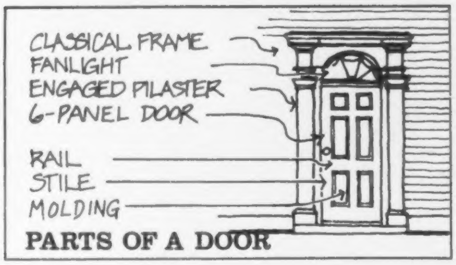
If you are unsure about the original or an appropriate treatment for your entrance, refer to the Guide to the Styles in this handbook. Professional help can also be sought—and don't overlook the wealth of good examples in Salem as they are the best teachers.

As you look at doorways in Salem you will notice that many have been altered in the last century by the addition of hoods and brackets over the doors. This was an early form of home improvement or "modernization." To strip these entrances of their special details by replacing wide boards, brackets and moldings with narrow strips of wood or aluminum destroys the appearance of the original craftsmanship. Though *few renovations look better than the original opening, frame and door,* these 19th century elements reflect changing tastes and can be retained for their added interest.

These Salem doorways reflect the change in style of almost a hundred years.

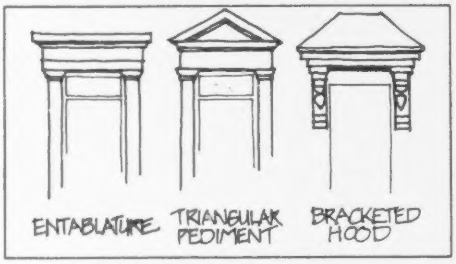
DOORS

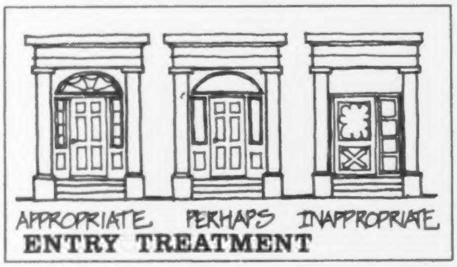
Most original doors in Salem were divided into panels, which helped to establish the proportional relationship between door and house. Every effort should be made to keep the original door. If a replacement must be made it should be the same size and type as the original. If selected with care, a stock door that captures the basic character of the original can usually be found. Flush doors without trim or panels or with diagonally arranged openings should not be used as they are visually incompatible with other features of the house.


CLASSICAL FRAME
FANLIGHT
ENGAGED PILASTER
6-PANEL DOOR
RAIL
STILE
MOLDING
PARTS OF A DOOR

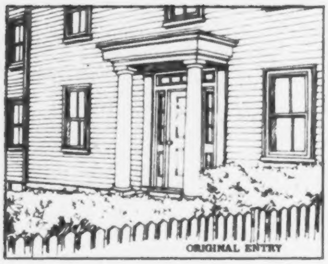
DOOR OPENINGS

Do not "block down" the upper portion of a door opening to lower the height of a door, to eliminate a transom, or to conceal sidelights which framed the door. This unfortunate practice not only radically alters the entrance but also will spoil the general appearance of the house.

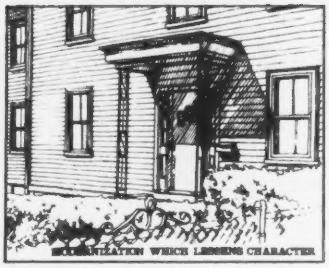

ENTABLATURE
TRIANGULAR PEDIMENT
BRACKETED HOOD


APPROPRIATE
PERHAPS
INAPPROPRIATE
ENTRY TREATMENT

If you are looking for a decorative wooden door for your Victorian home, Gargoyles Ltd., 512 South Third Street, Philadelphia, Pennsylvania 19147, has an inventory of over 200 historic styles.



ORIGINAL ENTRY



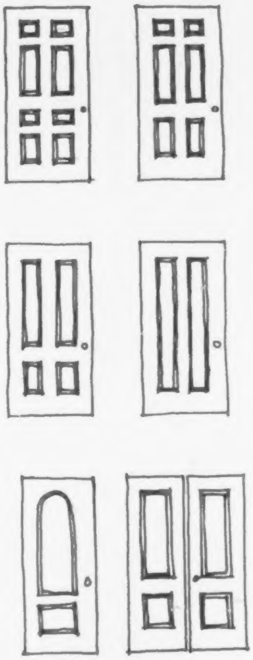
MODERNIZATION WHICH LESSENS CHARACTER

FRAMES AND PORCHES

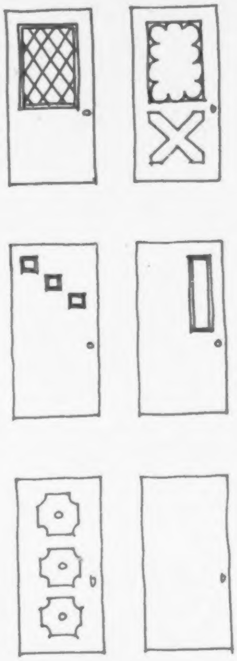
Two entrances common in Salem are illustrated on the previous page. While the Greek Revival doorway has columns with a straight capping piece (the *entablature*), the Georgian entablature is crowned by a triangular pediment. These frames can take the form of a more or less flat frame around the door (in which case the columns are called *pilasters*) or of porches providing a covered entry for the doorway. When altering or restoring these features it is important to retain all essential parts. Avoid standard lumberyard items, which can be poorly designed. Also stay clear of unconvincing imitations such as the "Colonial" pediment with no entablature and misshapen moldings.

If it is necessary to replace original posts, columns on entries, or porches with new material, keep in mind this guideline: *replacements, simplified in detail, will work only if they have the visual weight of the original features.* Feathery "wrought iron" supports currently available will do the job structurally, but visually they will appear weak and inadequate under the substantial "lid" of the roof.

As a general rule, if you respect the original proportions, symmetry, and visual weight of the original doorway during renovation, the results will enhance your house. Maintaining the original entry is clearly the easiest way to accomplish this. The next best solution is to copy the original.



Traditional and appropriate doors



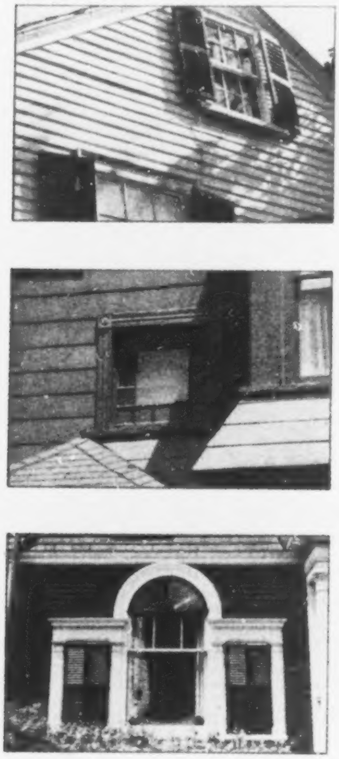
Inappropriate for the old house

WINDOWS AND BLINDS

Windows are an important design feature of each style and of your house. The greatest care must be taken when repair or replacement is undertaken. Carefully consider the following details: the original casing, size and proportion of the frames, size and number of panes of glass in each sash, and use of blinds or shutters.

Window casings should not be stripped or replaced unless deterioration necessitates it: nor should they be covered when installing new siding. Try to duplicate the original casing if replacement casings are necessary due to deterioration. If you are fortunate enough to have a Georgian house with molded window sills, do keep them.

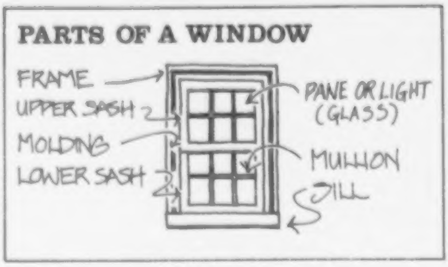
As with entrances, the temptation to block down or increase the size of an opening to accommodate a different window size or to hide a new ceiling that has been hung too low for existing openings, should be avoided. If an old window needs replacement and a standard size will not fit, the added expense of purchasing a "custom" window will be well worth it so that the overall symmetry and pattern of openings of your house are kept intact.

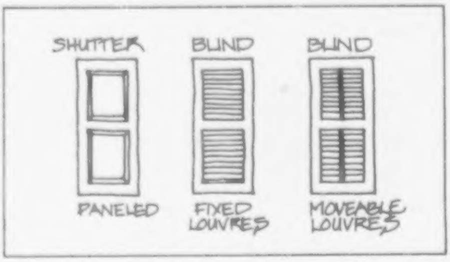


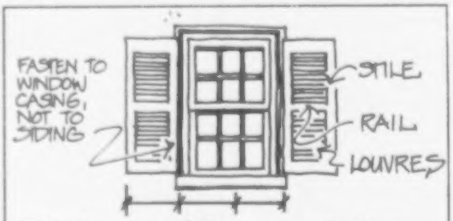
As these photographs suggest, a variety of window types are found on houses throughout Salem. Top: a Georgian 6/6 window with louvered blinds. Middle: an inventive window type often seen on Queen Anne and other late 19th century homes. Bottom: a Palladian window with blinds of the Georgian Revival style.

The number of divisions in a window sash, defined by the panes, also varies with the style. Only the earliest Colonial homes had triangular leaded pane windows, and they are inappropriate on later buildings. Many older buildings in Salem have windows which have been "modernized" in the last century—a Georgian 12-over-12 sash having been replaced with Victorian period 2-over-2, for example. As a general rule, replacing an older sash with a more modern sash *as long as it is a simplified version of the original and has the same size and proportions, can be successful. Never install window types that are older than the house itself.*

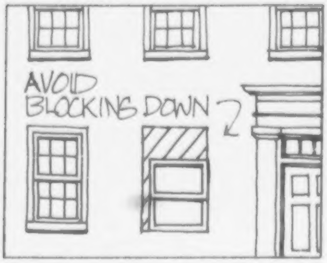
The sketches on this and the following page illustrate windows commonly found on homes in Salem as well as some stock window types that should be avoided for older homes. If your existing window is of the common double-hung sash type, a casement window with its vertical appearance will look awkward on the house. A picture window can also spoil the look of an older house. Even if it has multiple "Colonial" panes, it is not authentic and will give the house the unsettling effect of being "betwixt-and-between" the traditional and modern styles.

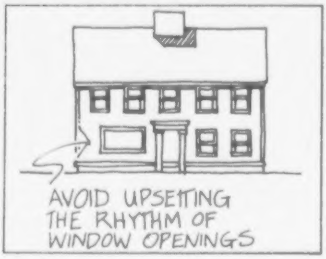

PARTS OF A WINDOW
FRAME
UPPER SASH
MOLDING
LOWER SASH
PANE OR LIGHT (GLASS)
MULLION
SILL


SHUTTER
BLIND
BLIND
PANELED
FIXED LOUVRES
MOVEABLE LOUVRES


FASTEN TO WINDOW CASING, NOT TO SIDING
STILE
RAIL
LOUVRES

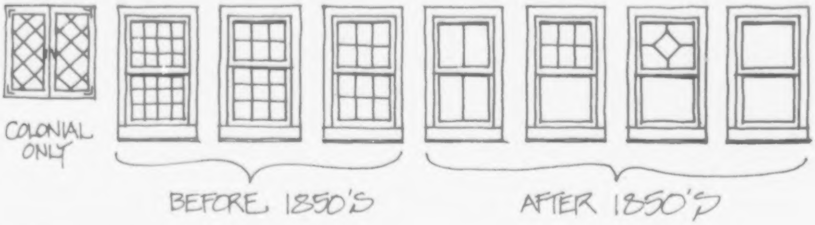
Blinds should fit over window



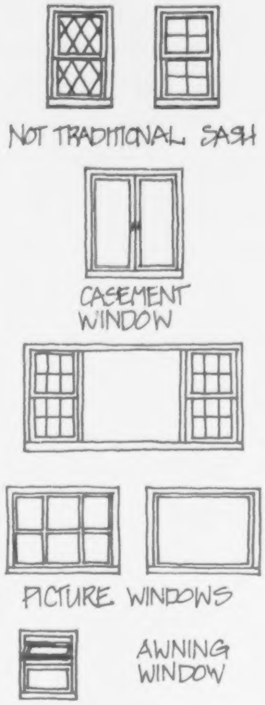


Blinds or shutters are always an optional feature on a house. They were first used locally during the Federal period to control the climate within the dwelling. Blinds increased in popularity during the Greek Revival period and reached their most widespread use from around 1840 to 1900. In the 18th and first half of the 19th century, shutters with a single panel were used. Later in the 19th century louvered blinds were used, first with fixed slats, later with adjustable slats (indicated by the vertical bar holding them at a constant angle). In the 20th century the use of blinds declined so that triple deckers were generally built without them. Blinds on contemporary homes are generally used as decorative devices.

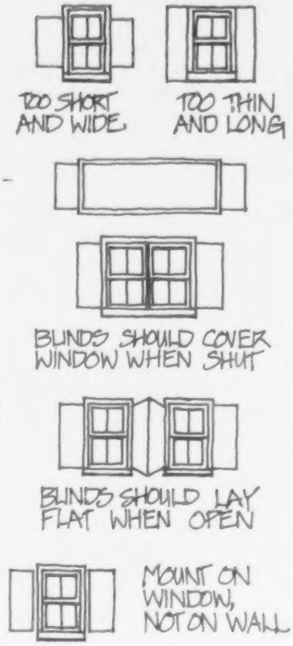
Whether they actually hinge or not, blinds will not look right on your house unless they appear to work. Blinds should be large enough to cover the entire window if closed. This means that each blind should be the full height of the window opening (or an inch higher) and one-half as wide as the width of the opening (plus one-half to one inch for each blind). The blinds should be fastened to the window casing, not to the wall surface.



TRADITIONAL WINDOWS

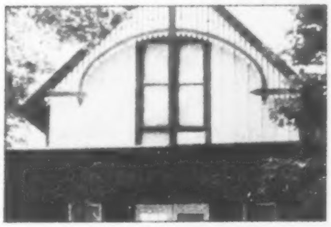

NOT TRADITIONAL SASH
CASEMENT WINDOW
PICTURE WINDOWS
AWNING WINDOW

WINDOWS
TO BE AVOIDED


TOO SHORT AND WIDE
TOO THIN AND LONG
BLINDS SHOULD COVER WINDOW WHEN SHUT
BLINDS SHOULD LAY FLAT WHEN OPEN
MOUNT ON WINDOW, NOT ON WALL

BLINDS
TO BE AVOIDED

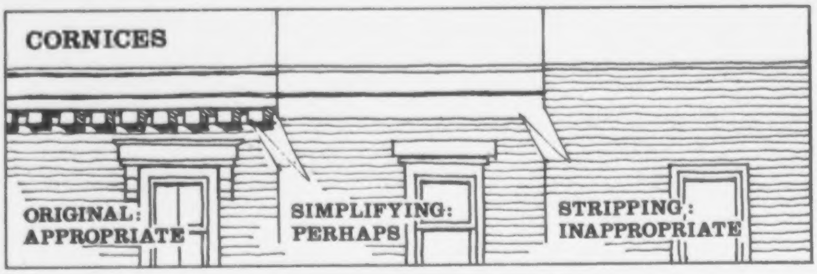
TRIM

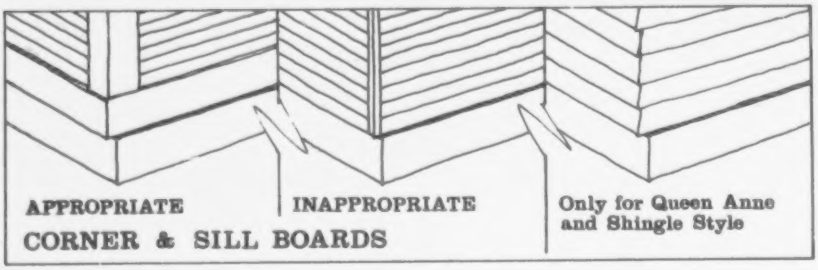


Trim refers to the ornamental details applied to a house—cornices with their dentils, frieze or bracket work, cornerboards, finials, pendants, barge boards, window and door casings. Old houses derive a good deal of their charm and value from the richness of this trim. Originally builders crafted such details by hand. However, by the Victorian period most trim was machine-produced. This ornamental trim, produced by sawing or turning on a lathe, was often peddled from door to door during the last century. As it was easily applied and could "update" the style of a home, one finds many old buildings in Salem enriched by these elements.

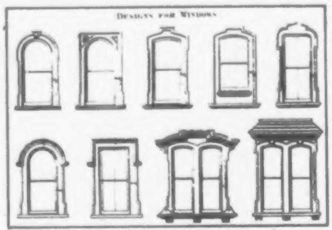
Cornices are an important design feature. Seventeenth century cornices were almost flush with the facade of the building, whereas cornices of the Federal and Georgian styles became very elaborate. As later styles evolved, cornices became more embellished so that the Greek Revival and the various Victorian styles exhibit a wide projecting cornice which caps the building.

Cornerboards are an important feature of early Salem homes. Visually, they "frame" the house by stopping the horizontal lines of the clapboard at the corners and giving the building its "edges." During the Italianate and Second Empire styles, quoins were sometimes used for this purpose. Then cornerboards took on added importance in Greek Revival buildings, where they are often very wide to look like the columns of a temple. Covering or narrowing the cornerboards destroys the integrity of the style of a house. Try not to do it.


CORNICES
ORIGINAL: APPROPRIATE
SIMPLIFYING: PERHAPS
STRIPPING: INAPPROPRIATE


APPROPRIATE
INAPPROPRIATE
Only for Queen Anne and Shingle Style
CORNER & SILL BOARDS

Although each detail on a house is subtle by itself, the combination of these details forms a style. By studying the trim on your house, you will discover if and when it has been altered. All too often trim is removed or covered in a misguided attempt to make the house as maintenance-free as possible. The result diminishes the visual and financial value of the house. It is relatively easy to preserve or repair trim that is intact, but it is much more difficult and expensive to replace architectural detail once it has been thoughtlessly removed.


Designs for Windows

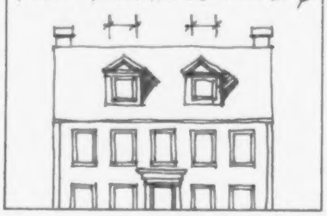
Design for decorative window trim from an 1873 pattern book by A. J. Bicknell.

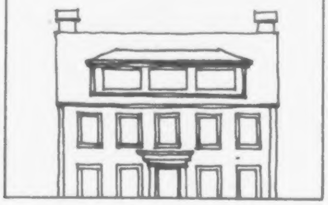
ADDITIONS

In the previous sections we have tried to provide some general guidelines for the care of original features. The homeowner must decide for himself how accurately he wishes to follow the path of historical precedent. Everything old is not necessarily pleasing, nor is everything new to be avoided. Yet adding modern elements to an old house requires the greatest design ability if it is to be successful. As you look around Salem you will see that many alterations have spoiled original houses.

Often a change in use, or a growing family, will require the addition of wings, ells, porches, or dormers to provide extra space in an old structure. Due to lot size, these additions most often occur at the rear of the house, away from public view, where a greater design flexibility is possible than when the new additions will be seen from the street. If your addition is substantial or in public view, you will most likely seek professional help, since each solution will be unique and no general guidelines can be drawn.

As illustrated in the Guide to the Styles, the roof shape can be a hallmark of the building's style. The line and shape of the roof are key features of your house's appearance. Any additions here will have a dramatic effect. With the addition of dormers, there seems to be a misconception that since they are high up in the roof, they don't need to relate to the rest of the house. This is not true. If the house had no dormers originally, new ones are best placed on the off-street side of the house. If you must add dormers on the front, some general precautions can be given. Dormers should be kept small so as not to obscure the original roof shape. (Since the reason for adding dormers is to increase space, one is tempted to ignore this guideline—another reason for installing them at the rear.) The windows in the new dormer should relate in position, style, and width (not necessarily height) to those on the wall below. This insures that the dormers balance with the overall pattern of the house. Be sure to tour your neighborhood for ideas.

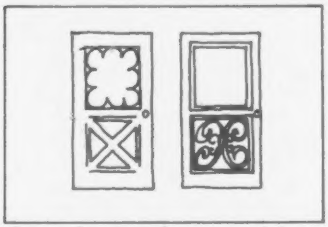

WELL PROPORTIONED DORMERS


UNSYMPATHETIC ADDITION

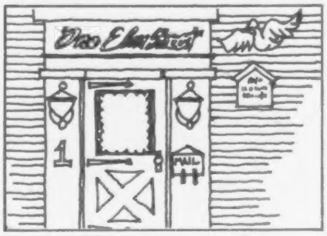
MODERN DETAILS

STORM DOORS AND WINDOWS

New England's weather and high heating costs make the use of storm doors and windows a necessity. Custom wood units of the same size are always a first choice, but their cost is often prohibitive. Stock aluminum doors and windows are the more common solution.



These modern storm doors can spoil the appearance of an older house.



Think carefully about extras on the entrance —too many can give the house a cluttered look.

The following suggestions can help them blend with the building's design.

1. The sash and number of panes should match those of the inner window as closely as possible.
2. Have storm windows custom-made to fit odd-shaped openings.
3. Avoid windows with very wide covering flanges at the edges or heavy-looking muntins.
4. Never install "raw" aluminum units unless the house trim color is grey. Colored storm units are available and can be used if they match the inner window color. Raw aluminum can be painted with epoxy to match the trim color if it is first treated with a zinc chromate primer.
5. Because of the inevitable dissimilarity between a modern storm door and the door behind it, it is nearly impossible to integrate storm doors with the general design of your house. Since careful weatherstripping should make additional thermal insulation unnecessary, we are tempted to put this modern fixture into a "never use" category. However, if you are convinced you need a storm door, do select a simple one.

VINYL AND ALUMINUM BLINDS

Vinyl blinds are acceptable only if they resemble their wooden counterparts. Aluminum blinds should be avoided as they do not resemble wood and dent easily.

MODERN APPLIANCES

Whenever possible, try to hide these features. Consider putting your T.V. antenna in the attic instead of on the roof. The reception should be unaltered.

COLOR

What color should I paint my house?

This question is perhaps the most frequent design decision facing the homeowner, whether he owns a historic house or is building a new home. Before painting, consider your house in relation to other nearby buildings. Remember that color can set the mood for a whole street and can either blend or clash with other neighborhood homes. The decision is partly one of "architectural good manners", expressing individuality while at the same time harmonizing with one's neighbors. Consider these general guidelines when choosing house paint:

1. *Avoid too many colors.*

Color has its greatest clarity when seen alone, or against a background of white, black, grey, or a muted tone. Two strong colors may be effective on a building. If you use more than two colors you can take away the effect of each color alone and create a garish look.

2. *Select the base color carefully.*

The color of the walls will dominate the house's appearance and, more than trim and door color, will determine how the house harmonizes with its neighbors. A muted tone for the base color is the wisest choice and will be the best complement to any bright colors you may choose to emphasize the trim of your home.

3. *Use bright colors sparingly and only for focal points such as the front door.*

Very bright colors, especially if a high gloss paint is used, are best avoided altogether. However, a semi-gloss bright colored door, when other colors on the house enhance it, can be very effective.

Choosing the paint for your house, especially if there are a number of colors involved, can be a bewildering task. The color of a paint chip versus the color on your house can be drastically different. A method for getting a better idea about how the house will look *before* you paint is to draw a "coloring book" type of sketch of your house (or trace a photo), outlining important features such as doors, windows, cornerboards, etc. It is then possible to paint in these features with samples of the colors you have in mind.

Don't overlook the roof. When you are painting, remember that the roof is a part of your color scheme and must relate to the rest of the house. Similarly, when you are roofing, choose a dark or neutral material that does not "compete" with the other house colors.

COLOR CHART

GEORGIAN

Base Color	*Trim Color*	*Door Color*
Natural	(Same as base color)	Dk. brown
Dk. brown		Black-green
Barn red		Dk. blue
Yellow ochre		Red
Dk. green		Dk. grey
Dk. blue		
Deep buff		

FEDERAL

Base Color	*Trim Color*	*Door Color*
Pale yellow	(Lighter than base color)	Black
Off-white	White	Natural
Soft beige	Buff	
Pale green	Pale yellow	
Medium grey	Medium blue	
Medium blue		

GREEK REVIVAL

Base Color	*Trim Color*	*Door Color*
White	Olive green	Dk. green
Buff	Grey-blue	Medium blue
Pale yellow	Dk. bottle green	Black
Green-grey	Green-black	
Blue-grey	Buff	
Pale grey	White	
	Black	

EARLY VICTORIAN

Base Color	*Trim Color*	*Door Color*
Buff	(Darker than base color)	Oak, frequently unpainted wood
Pink	Black	
Grey	Chocolate	
Mustard	Red	
	Dk. grey	
	Dk. green	
	Dk. brown	

ITALIANATE

Base Color	*Trim Colcr*	*Door Color*
White	(Strong contrast)	Black
Buff	Pale yellow	
Yellow ochre	Dk. green	
Green-grey	Medium grey	
Blue-grey		
Medium blue		
Pale grey		
Dk. brown		
Medium red		

LATE VICTORIAN

Base Color	*Trim Color*	*Door Color*
Deep blue	(Often 3 or 4 different colors, with trim a strong contrast—usually darker than base color)	Oak, frequently unpainted wood
Medium grey	Golden yellow	Various colors
Dk. ochre	Dk. grey	
Tan	Green-black	
Slate	Dk. brown	
	Chocolate	
	Beige	
	Red	
	Olive green	

The original colors of older homes may be difficult to discover because written accounts of colors used for the different styles are sketchy. Consequently, the owner who wishes to be historically accurate may, in the end, have to follow his own preferences as much as the owner of a new home. Although there are no inflexible "rules" for the use of color, some color combinations have been traditionally associated with the various stylistic periods. The charts on the following page outline the base and trim colors popular in each style covered in this handbook.

White paint did not become popular as a base color until after the Revolution due to the high cost of its lead base. It was first commercially produced in 1803. The earliest Salem homes were probably unpainted with the wood clapboards left to weather to a soft brown or silver grey. The first readily available paints were earth-colored, including dark brown, barn red, yellow ochre, dark green, dark blue, and a deep buff. Trim matched the base color, and doors were dark brown, black-green, dark blue, or red. During the Federal period colors became less dark, and delicate base shades with lighter trim were popular. Colors included pale yellow, off-white, soft beige, pale green, medium grey, and medium blue. By the 1840's in the Greek Revival period, colors were meant to imitate marble or sandstone and were very pale. Trim was painted olive green, grey-blue, a dark bottle green-black, buff, or white.

In the mid 1850's the builders of Victorian cottages became interested in the play of light and shadow on wall surfaces. Colors combined very light base paints with darker trim. Popular combinations included buff with black, chocolate, or red trim; pink with chocolate trim; and light grey with darker grey trim. During the same period builders of Italianate houses used light base colors with strongly contrasting colors to define details. Some combinations included pale grey with dark green or black trim; tan with chocolate trim; and mustard (ochre) with dark brown trim.

Later in the century a decided change in the use of color took place. Deep-hued base colors with trim either a much darker shade of the same color or a contrasting color became popular. Combinations included deep blue with golden yellow trim; medium grey with darker grey or green-black trim; dark ochre with dark brown trim, and tan with chocolate trim.

Houses built in the Stick style included combinations of three or four colors. Builder's specifications often called for a light slate base with beige trim accentuated in red with olive-green blinds, or a combination of a Venetian red base with Indian (brownish-red) trim and black detailing. Yellow was often used to accentuate window details. Indeed, from about 1860 to 1900 an interest in "polychrome" (many-colored) treatment of buildings was common in all the styles currently popular (see the style chart).

The Queen Anne style mixed natural materials (including stone, brick, and naturally finished shingles) with painted surfaces. A house could be masonry on the first story with natural or painted clapboards or shingles on the upper stories. The base colors used included white, buff, grey-green, grey-blue, and medium red with olive green, olive black, dark red, or white trim.

The century closed with the full development of the Colonial Revival style, which again made popular the Colonial and Federal color combinations of yellow, dark red, or dark brown base with white trim and olive black doors and shutters; dark red with white trim and black doors and shutters; light grey with white trim and dark green, dark red, or black doors and shutters; and white base with white trim and green, red, or black doors and shutters.

From the design illustrations in this section we hope you will look with new appreciation at the many fine homes in Salem's neighborhoods, and that you will find ideas for how you want your own house to look *before* you undertake renovation or alterations.

There is a common misconception that good design is a luxury that can be applied to a house at a later stage of the job if there is enough money. But the character and appearance of older houses come as much from the massing, proportion of openings, and siding materials as from the careful detailing of doors, windows, and trim features. None of these elements can be successfully "stuck on"!

Good design entails making the most of existing detail, as well as making the most of your budget.

A final word from George Steven: "Although the design factor may be only a part of the whole process of getting something built, it is of the same importance as the tip of an iceberg, being the part which is normally *seen* and which, to the outside world, *represents the whole.*"*

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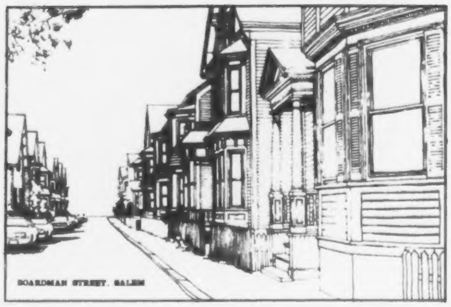
*George Steven, *Remodeling Old Houses* (New York: Alfred A. Knopf, Inc., 1975), p. 16.



STREETSCAPE:

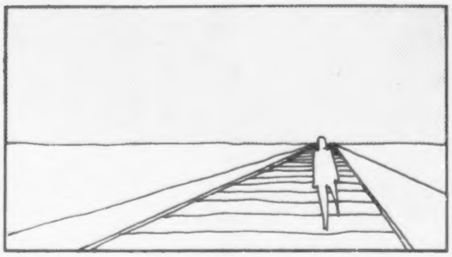
THE HOUSE IN ITS SETTING

The Framing of a Street 55
Fences 58
Landscaping 59
Accommodating the Car 61

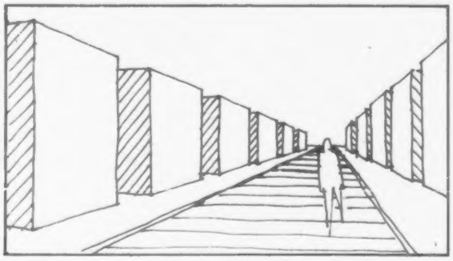
The appearance of any house is strongly affected by its setting. How does the house fit on the land–does it look comfortable and sheltered or just "dropped on the lot"? What do the houses next to it look like? Do they fit together? The way in which the houses relate to one another to create a larger environment is called a *streetscape*.

As the sketches illustrate, an order created through a similarity in height, size, shape, and roof forms enables the houses along a street to look like "members of a family." This is the hallmark of a handsome streetscape. These elements of repetition and rhythm create a framework within which the individuality in smaller details (entrances, color, planting, etc.) becomes special. It is hoped that these sketches will help you to understand a little better how your house "fits" with its neighbors along your own street and to view the many fine streetscapes found in Salem's older neighborhoods with greater appreciation.

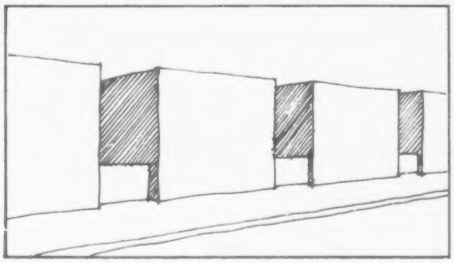
THE FRAMING OF A STREET



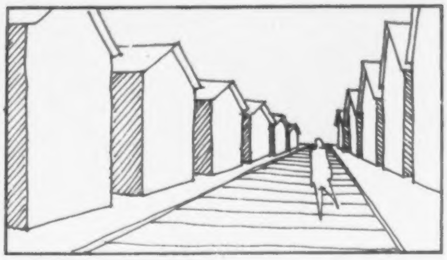
WITHOUT BUILDINGS
The space has no boundary, no definition.



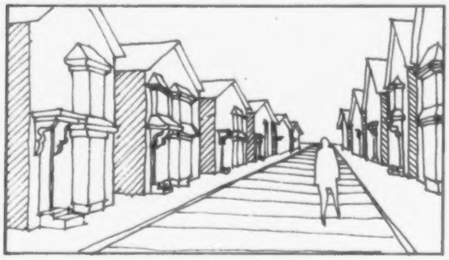
WITH BUILDINGS
An enclosed space is created.



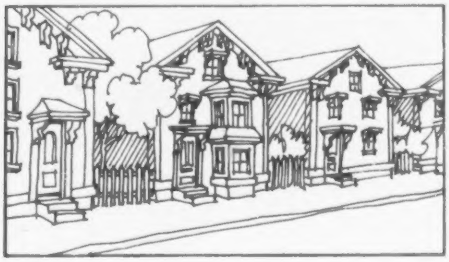
SENSE OF WALL
The fronts of the buildings define the space of the street. Fences carry this edge along between the houses.



ADD ROOFS AND CORNICES
The space now has a top and relates better to the size of a person.

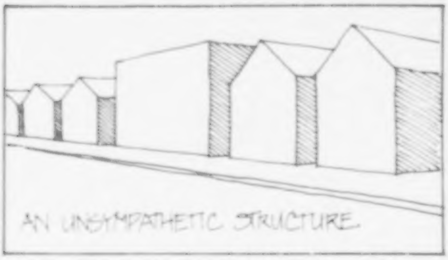


ENTRANCES AND BAYS
Entrances, porches, and bays define individual houses and break up the length of the street.

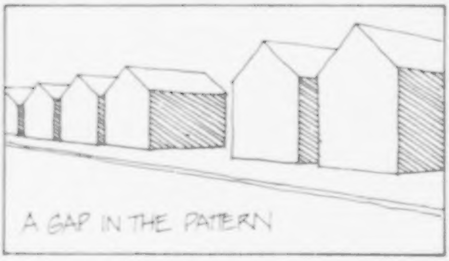


SENSE OF LAYERS
Steps, hoods, brackets, planting, and other projecting elements soften the starkness of the "wall."

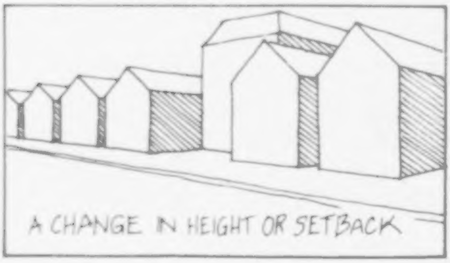
Variety in color, style, rooflines and even setback adds interest and excitement to a streetscape. But if the differences are *too* great, the sense of a shared order will be lost. A building that departs dramatically from the pattern established by its neighbors risks the danger of "sticking out like a sore thumb," and the rhythm that characterizes a handsome street will most certainly be diminished. Think carefully about being a "good neighbor" if you are either building a new structure, making alterations, or removing an old building.



AN UNSYMPATHETIC STRUCTURE

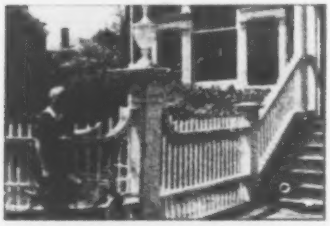


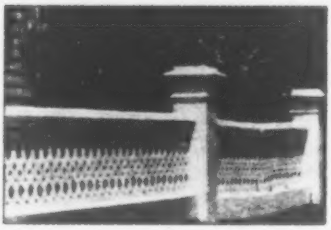
A GAP IN THE PATTERN



A CHANGE IN HEIGHT OR SETBACK

FENCES



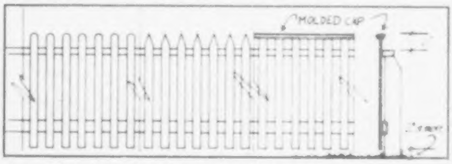


Traditionally, fences have been a pleasant part of old neighborhoods. They add variety to the streetscape and set the boundary lines between public and private spaces. Fences should be chosen to harmonize with the house and street.

Low solid board fences and the simple painted picket fence have been popular since colonial times and are still a good choice for wood frame homes. Three Victorian period variations of the picket fence include the basic picket fence with a sawn geometric pattern (such as a semi-circle or half octagon at the top of each picket); the framed picket fence, with its square fence posts and top railing; and the flatboard fence with fancy cutouts.

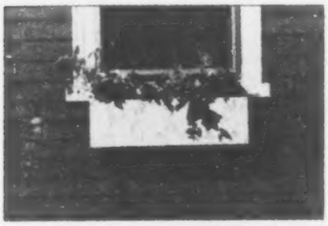
Simple iron fences appeared during the Federal period. Ornate cast iron fences became popular in the 1840's. While originally inexpensive to build, a cast iron fence can be very expensive to duplicate today. These old fences are a splendid reminder of the past and their presence adds to both the appearance and the value of an older home. Many fine examples remain in Salem, and every effort should be taken to retain and preserve them.

While modern concrete, concrete block, or chain link fences do establish boundaries, they fail to "frame" a house attractively and are considered inappropriate in our old neighborhoods.



A traditional wooden fence painted the color of a house or its trim can really enhance a home. They can be made with a standard 2 by 4 for the rails and 1 by 3 for the pickets. Pickets are spaced about 5 inches apart whereas a post will be needed approximately every six feet.

LANDSCAPING



The landscaped setting establishes the mood for the house. Trees, bushes, and other plants should provide privacy while at the same time enhancing, not hiding, your home. Because trees act as natural air conditioners to cool in summer and to admit the sun's warmth in winter, their location should be carefully chosen. If you have just moved, it is advisable to wait a year before you make any changes to the landscape. It may also be valuable to consult a nursery for advice on local growing conditions as well as books on colonial gardening for information on vegetation.

Large to Medium-Sized Shade or Street Trees

Little-Leaf Linden, London Planetree, Sargent Cherry, Scarlet Oak, Norway Maple, Pin Oak, Thornless Honeylocust and other hybrids, Fringetree, English Oak.

Trees for Narrow Areas

Bradford Callery Pear, Washington Thorn, Katsura, Maidenhair (male *only*), Upright Crabapple, Columnar Norway Maple, and other columnar trees.

Flowering Trees

Dogwood, Sourwood, Downy Shadblow, Flowering Cherries, Flowering Crabapple, Saucer Magnolia, Kousa Dogwood.

In the 18th century, lilacs, roses, mock oranges, and quince were often used at corners and have been found bordering old cellar holes. Other shrubs, many appearing in this country between 1850 and 1900, can also be most appropriate to the landscaping of older homes when well placed and cared for. Consider the following:

Deciduous and Flowering Shrubs

Azalea, Cotoneaster, Forsythia, Japanese Quince, Rose bushes, Winged Euonymus.

Evergreen Shrubs

Japanese Yew, Azalea, Japanese Holly, Rhododendron, Spreading Yews and other columnar yews.

Vines

Boston Ivy, Chinese Fleece Vine, Hardy English Ivy, Virginia Creeper. Note: vines should not be encouraged to climb on a house or on masonry structures since they can be quite destructive.

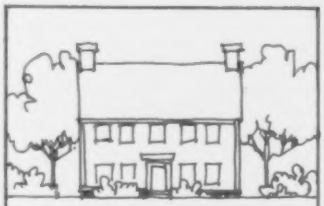
Annual/Summer Bedding/Potting Plants

Coleus, Geraniums, Marguerites, Marigolds, Impatiens Plant, Petunias, Tobacco Plant, Wax Begonia.

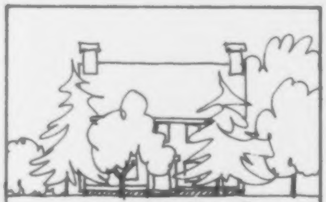
A well-maintained lawn always complements a home. It is also possible to use low-maintenance ground covers, such as pachysandra, ivy, or myrtle, along foundations, walls, and fences. These ground covers can add interest to your property and are traditional planting materials.

Materials historically used and still appropriate today are:

For paths:	Sod Brick Stone slabs Washed gravel (3/8" peastone) Cobblestones or ballast block
For courtyards or patios:	Cobblestones or ballast block Flagstone Brick Washed gravel or crushed stone
For driveways:	Brick Stone slabs Cobblestones or ballast block



WELL-BALANCED PLANTING



THINK ABOUT SIZE WHEN FULL-GROWN

ACCOMMODATING THE CAR

Finding space to accommodate cars is always a problem in older urban neighborhoods where houses are tightly grouped, streets are narrow, and open space is limited. However, when it is necessary to accommodate parking in the private sideyards of older neighborhoods, the way parking is handled can have a powerful impact on the streetscape. If it is done poorly, the edge between the public and private spaces breaks down, leaving the house isolated from its neighbors by its own private asphalt "street."

The visual effect of on-site parking can be softened by careful planting at the sidewalk edge and the use of a well-chosen fence (not chain link) as a screening device. The extra money and effort involved will be well worth the improved appearance of your home!

Large areas of concrete or asphalt are generally undesirable because they prevent proper drainage, keep water from reaching tree roots, hold heat in summer, and are visually unattractive. Try to screen! If you must have asphalt, gravel can be applied before it sets to improve its appearance. When installing any of these materials, be sure to provide a 5- to 10-inch base of clean gravel and sand to allow for drainage and to lessen the heaving effect of frost.

62

MAINTAINING YOUR HOUSE

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Introduction

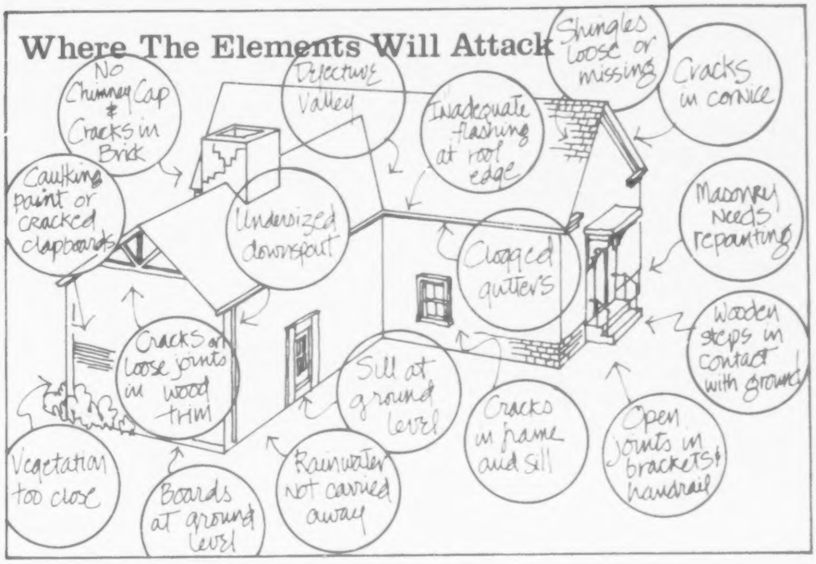
Maintaining what you already have is the most economical solution in the long run for preserving the most appropriate features of your older house.

The early Salem craftsmen built with a combination of skill and high-quality materials, so many buildings have remained intact for well over 200 years. The key is *preventive maintenance.* Doing renovation *when* it is needed and *before* deterioration results in damage beyond simple and inexpensive repair is critical.

Most damage to a house is caused by the elements—water, sunlight, and air pollution—and occurs when protection against these forces (paint, caulking, flashing, etc.) is insufficient. The following section deals with key features involved in maintenance. It addresses each feature in terms of its protective function and its maintenance hazards. We suggest how to recognize the problems and then how to repair or replace each feature.

Some suggestions on getting started:

1. Study your house carefully and establish when it was built, its style, and its most important features. What features are original? What has been added? What may have been removed?
2. You may want to search for old photographs, postcards, or newspapers that can give information about your house. Title information at the Registry of Deeds and tax records filed at City Hall are useful resources. Also visit the Essex Institute, as its library houses the written and photographic history of Salem. And see the Peabody Museum for information on past seafaring owners.
3. Don't hurry! Live in your house and understand how it works, what its problems are, and what work you may wish to undertake—both inside and outside. Think carefully about changes. Live with your ideas for a while before rushing into any large undertaking. Most important, schedule the work sequence and timing realistically so you can be assured of pleasing results.
4. You may want to measure and draw the plan of your house before you begin any substantial interior work. Check your systems—heating, plumbing, electrical—and consult a professional if there are any problems.
5. Photograph your house before, during, and after your work. It will provide an interesting record of your efforts.
6. Do as much of the work as you can yourself to save money, but don't hesitate to consult your neighbors and professionals when needed.


Where The Elements Will Attack
No Chimney Cap & Cracks in Brick
Defective Valley
Inadequate flashing at roof edge
Shingles loose or missing
Cracks in cornice
Caulking paint or cracked clapboards
Undersized downspout
Clogged gutters
Masonry Needs repainting
Wooden steps in contact with ground
Cracks or loose joints in wood trim
Sill at ground level
Cracks in frame and sill
Open joints in brackets & handrail
Vegetation too close
Boards at ground level
Rainwater not carried away

The sketch above points out common trouble spots of a building's exterior. Routine inspection of these areas can uncover minor problems before they become serious ones. Consult the Home Inspection Checklist in the Appendix as it provides a useful format for inspecting your house.

COMPARISON OF SIDING MATERIALS

SIDING MATERIAL	PERIOD OF LOCAL USE	MAINTENANCE REQUIREMENTS	LIFE EXPECTANCY
Wood Clapboards	c. 1640 - present	Paint every 6–8 years	Indefinitely if well maintained
Wood Shingles	c. 1640 - present (greatest use during Victorian period)	None if left to "weather" Paint every 6–8 years Stain every 4–6 years	30–100 years
Asbestos Shingles	c. 1885 - c. 1925 (No longer readily available)	None	100 + years
Asphalt Shingles or Sheets	Not historically appropriate	None	10–20 years
Wood Shakes	Not historically appropriate	None if left to "weather" Paint every 6–8 years Stain every 4–6 years	30–100 years
Permastone	Not historically appropriate	None	20 + years
Aluminum or Vinyl Siding	Not historically appropriate except in special circumstances (See pg. 36-37)	None, but long-term durability unknown. May create moisture conditions that encourage rot of underlying structure	Untested

SIDING

The siding on your house is its "skin," protecting the structure of the house from decay and insulating the interior from excessive heat, cold, and moisture. The maintenance of this skin, or lack of it, not only affects the appearance of your house, but also can be the largest single investment made in your property. Most owners of Salem's older homes will sooner or later be faced with the repair or replacement of siding.

BRICK

Although there are many superb brick houses in Salem—Chestnut Street and the Common area immediately come to mind—most Salem houses are wood frame. Brick, if used at all, is for foundations only. Consequently, we have discussed maintenance for brick in the section on foundations. If your house is brick, refer to this section for appropriate repointing and maintenance techniques.

WOOD CLAPBOARD

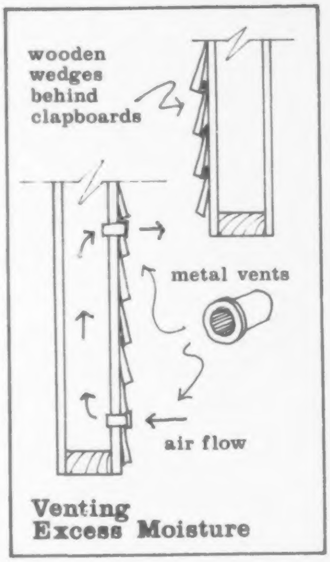
The most popular type of exterior cladding for Salem's early houses was the narrow wood clapboard attached to a layer of wood sheathing which, in turn, was nailed to the frame of the building.

Wood is easily worked, has natural insulating qualities, and is adaptable, plentiful, relatively inexpensive, and resistant to denting. It can be patched, refinished, repainted, or stained. And it has its own singular beauty. But, clapboard siding requires regular inspection and maintenance to keep it in proper condition. Check siding for decay where boards butt end to end, at corners, and around windows as well as door frames. If clapboards seem deteriorated beyond repair, chances are that the situation looks worse than it actually is. Most clapboard siding can be repaired with a few simple techniques.

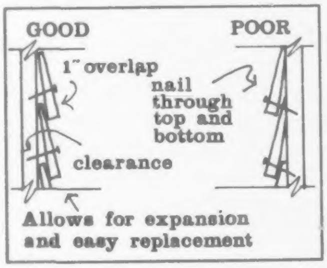
REPAIRING CLAPBOARD

(Reprinted with permission from the Milwaukee Landmarks Commission from Mark Latus, *Preservation-Minded Home Improvements: The Exterior*, 1974.)

Tools and materials the homeowner needs include the following: extension ladder, small saw, hammer, wood chisel, hand drill and small bit, screw driver, putty knife, wood wedges, medium size finishing nails, medium size wood screws, putty or wood filler, and roofing or asphalt cement.



Venting Excess Moisture



Allows for expansion and easy replacement

Split clapboards can be repaired by prying open loose pieces with a putty knife and applying strong wood glue along the edges of the crack. Press the sections back together and hold them in place with several finishing nails placed under and up into the split areas. Allow the glue to harden before removing any nails.

Smooth the surface with putty or wood filler, let dry, and then apply one or two coats of primer type paint.

With luck and persistence, a homeowner can sometimes coax warped clapboards into position. Convex bulges are remedied by drilling several holes along the center of the board and then inserting wood screws. The screws are gradually tightened, causing the board to regain its original shape. To avoid splitting the wood, wet the board several times during this process.

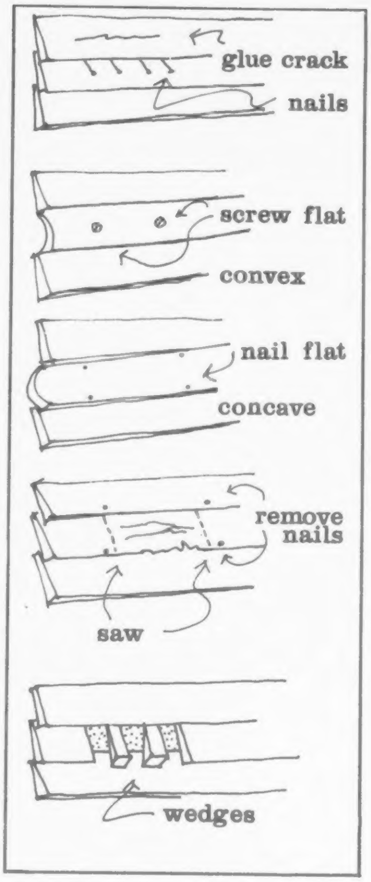
Concave boards can sometimes be straightened by drilling two sets of holes along the board. Finishing nails are driven into these holes to unwarp the clapboard. All screws should be countersunk.

Sections that appear especially ragged or rotten can be replaced. Locate the damaged section and make several vertical cuts through the board with a small saw. Next, remove all nails within the involved portion and also the nails in the boards above.

The damaged board or boards can now be taken out in pieces with the hammer and wood chisel. After all visible wood has been removed, insert a few wedges under the remaining upper board. Now pry out any additional leftover pieces.

If tar paper is present between sheathing and siding, be sure to patch any holes and visible tears with asphalt cement.

The final step involves cutting a length of matching clapboard to fit the gap. Remove the wedges, slip the new board into position, and re-install the nails. Putty or wood filler should be applied over the new seams.



WOOD SHINGLES

As with clapboard, deterioration of wood shingles is seldom so severe as to require total replacement. Single shingles can be removed and replaced when necessary.

ASBESTOS SIDING

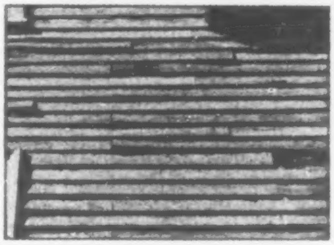
Throughout Salem one finds old homes that have been re-sided with asbestos "shingles" or composition board in a pattern made to resemble brick. Because this material was inexpensive and required essentially no maintenance, it was frequently used to cover neglected clapboard. As these materials were usually fastened directly to existing siding, they can be removed and the underlying clapboard restored. Unfortunately, it is impossible to know the condition of the clapboard before removing the material. Thus you will want to be prepared for unpredictable costs before committing yourself to this task.

ASPHALT SIDING

Once a popular siding, asphalt has recently been discarded in favor of the synthetic sidings—aluminum and vinyl. Because asphalt and asbestos have similar properties, procedures for removal are comparable. Since asphalt was often used for its insulation properties, the clapboards underneath may very well be in excellent condition. Removing counterfeit brick or other asbestos siding is a simple but dirty task. Necessary tools include a wrecking bar and a claw hammer.

The top layer is pulled off first, revealing the insulation board. This too is taken down, together with any layers of tar or building paper. Be sure to pull out all nails. Once exposed, the clapboards must be patched, repaired, and replaced as necessary. In addition, each nailhole from the composition siding must be sealed with putty before paint is applied to the reclaimed clapboards.

The smooth surface of flatboard siding.



Don't wait this long to repair clapboards!

ALUMINUM AND VINYL SIDING

It would be a mistake to give a whole-hearted endorsement to synthetic siding. It is a relatively new material and has yet to be tested for long-term success. Moreover, it is not without potential drawbacks.

The long-term effects of siding on the underlying wood structure are not known. Wooden siding "breathes," allowing moisture caused by temperature differences on either side of the walls to escape gradually to the outside before it can build up and condense within the wall. (Few homes built before the 1930's have vapor barriers.) Vinyl and aluminum sidings do not breathe; thus rot and deterioration become definite possibilities, with synthetic materials hiding such problems until they become severe.

Installing aluminum or vinyl siding requires a substantial initial investment. Once it is installed, the homeowner cannot change his mind without a large financial loss. Synthetic siding is most often applied to avoid the expense and upkeep of painting a house, but it should be noted that this new type of siding may itself need painting after about 15 years. And once it is painted, the maintenance costs of synthetic siding are not significantly less than those of wood clapboards. Remember too that you will have the annual maintenance chore of checking and recaulking where necessary all the sealants around the critical edges of doors, windows, and cornices on your house.

The greatest single objection to synthetic siding, as mentioned in the Design Guidelines, is that it obscures architectural detail when it is carelessly applied. Application of synthetic siding may also add to the expense of replacing roofing materials, as it must be removed at the sides of dormer windows and above porch roofs to install flashing.

Synthetic siding can also create unsuspected fire hazards. In a fire, aluminum siding will act like an oven wall, holding in and intensifying the heat. Vinyl siding will melt and allow the heat to escape and fire fighters to get at the fire, but there is increasing evidence that vinyl emits poisonous gases as it burns. Synthetic siding (and asbestos) can hide the path and direction of fire as it travels within the walls, with fatal results. These facts should be weighed carefully if you are contemplating covering the original siding of your home.

Energy conservation is of critical concern today because of current energy costs. Many people assume that it is more expensive to heat an older home than a newer one. This need not be the case. Installing insulation and making leaky windows and doors tight can make a substantial difference. The greatest heat loss in any home (over 80%) is through the roof, because warm air rises. It is unrealistic, therefore, to believe that the installation of aluminum or vinyl siding will increase the heating efficiency of your home in a major way. It will help somewhat, but adding standard insulation between wall studs and/or recaulking exterior clapboards will be just as effective, maintain the appearance of the house, and cost less. Six inches of insulation placed beneath the roof or in the attic floor will do the most to save your heating dollars, and will help keep your home cooler in the summer. You can easily install such insulation yourself. Recaulking each pane of glass in the window sashes is also beneficial.

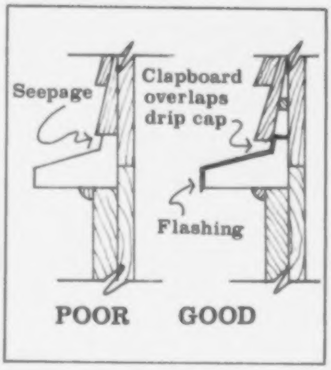
ENTRANCES

When an original door exists, repair, refinish, and use it. If this is not possible, try to buy a new or used replacement in the original style. The stock pediment frequently used on recent renovations is not appropriately scaled. You may have luck locating replacements through *The Old-House Journal.*

Joints around doors, especially at the top, are vulnerable to destructive water seepage. These joints should be thoroughly caulked, or better still, flashing should be installed over the drip cap as shown in the sketch.

The lower parts of exterior doors are particularly susceptible to decay and should be checked periodically. Also observe the condition of the threshold, which may be worn, weathered, or decayed and may require replacement.

Often open to the weather, entry porticos and porches can be vulnerable to decay and insect attack. Windblown rain or snow can get into cracks or joints and raise the moisture content of the wood. Decay often occurs where steps are placed in direct contact with the ground (always a risky practice with untreated wood), or where posts are not raised above the porch floor to allow air to dry out the base of the post. Give particular attention to step treads or porch flooring that is checked or concavely worn and allows water to be trapped. Also check joints in railings and posts. Remember that brownstone can be built up with a modern product that is carefully mixed to match the original color.



Wood preservatives—useful for *all* exterior wooden features—have been a great boon to the homeowner in the battle against water-induced rot. New exterior wood should always be treated with a preservative before installation. Pretreated wood that has been pressure-impregnated with preservative is best, but dipping new wood in a bucket of preservative for 15 minutes will provide adequate protection. Look for a preservative containing *pentachlorophenol*—it has the least objectionable odor and seems to do the best job.

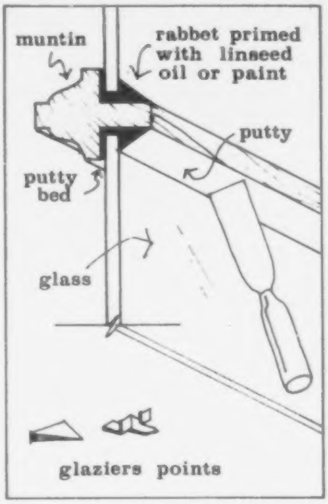
WINDOWS AND BLINDS

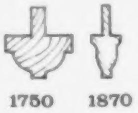
The wooden double-hung windows in most older houses can become especially vulnerable to destruction from the elements. Through settling, cracked caulking or worn paint, openings occur, allowing the wind-driven rain to penetrate and cause wood deterioration. Cracks will also produce air leaks and can cause as much as a 20% increase in your winter heating costs.

To check the condition of your windows, begin by examining the joint between window frame and wall. There should be no gaps. If caulking has cracked or fallen away, you will need to replace it. Remove the old caulking with a knife and wire brush, and install a generous bead (about 3/8" thick) of fresh caulk along the joint. To extend the life of the caulking, wait a few days for a "skin" to form on its surface and then paint it.

Examine the condition of the window frame and sill for cracks. If openings are present, paint first with linseed oil and then patch with putty. Be sure to remove any loose or peeling paint first. If lots of bare wood has been exposed to the elements due to peeling paint, you would be wise to waterproof the frame with a good wood preservative before painting. (A preservative such as "Wood-Good" containing pentachlorophenol will do.)

The next step is to check the putty around the glazing (glass). The seal must be perfectly tight to prevent water and air from leaking into the wooden sash and mullions. (Note: A machine that saves time and





Muntins Became Slimmer Over Time

energy is the electric putty softener.) Recaulk, if necessary, and be sure to apply a coat of linseed oil before applying the fresh caulk since this will help extend the life of the window.

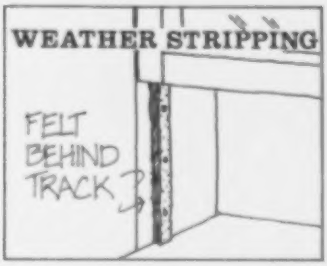
Window sills require a special word. Try to get an exact copy of the original sill, be it molded or plain. Very often when a quick inspection yields the verdict "window frames need replacement," the conclusion is based on the condition of the sills, not that of the whole frame. Sills take the heaviest beating from water and deteriorate first while the rest of the window is still sound. As replacing the whole frame is both expensive and time-consuming, it is best to replace the rotted sill only, if possible.

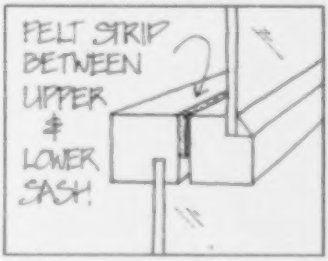
If the major problem with the sill is cracks and holes and the surface is basically sound, the linseed oil and putty method will suffice. Be sure that all surfaces are scraped clean, that you are liberal with the linseed oil, and that you paint promptly once the "skin" is formed on the puttied surface.

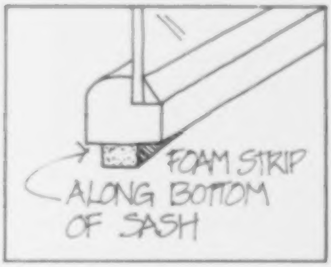
Where the sill is partially rotted, two traditional marine products may be used to avoid having to replace the sill. "Git-Rot"—an epoxy material—can be used to arrest the rot in the wood. The surface can then be smoothed with "Marine-Tex" to seal it before painting.

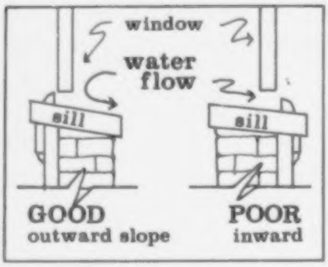
A third process can be used when the sill is badly deteriorated. If more than 1/4" of the surface must be built up, apply several layers of plastic wood or its equivalent. Allow it to dry thoroughly before reapplication.

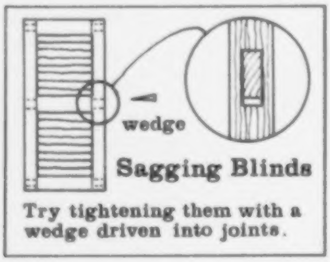
As a last detail—don't forget to caulk carefully the joint between the sill and vertical frame members.











Sagging Blinds

Try tightening them with a wedge driven into joints.

For comfort's sake as well as economy, preventing drafts and heat loss through windows is a very real concern. Our forefathers used interior shutters, shades, and heavy draperies to conserve heat. Today the most common solution is to install storm windows. Before installing storm windows, check the frame and sash of the existing windows for a weathertight seal.

Both wood and aluminum storm windows have certain advantages, but wood storm frames that can be built with the same size and number of lights to match the interior windows are superior insulators and visually preferable. The problem, of course, is the expense of putting them in each year, unless you can do it yourself. Metal storm windows, usually set with one-over-one sash, are inappropriate for homes built before 1850 and tend to transmit the coldness of the outside air. For extra insulation use felt weatherstripping on the inside face of wood storm windows. For a tight seal, use caulking on the inside of aluminum or vinyl storm windows.

If there is evidence that your house had blinds (for example, pintles or shutter stops still in place or areas of faded paint where blinds once hung), you may want to restore them. Before purchasing new blinds, check to see if any used blinds of the proper size and style are available locally. If you decide to remove blinds presently in place, be sure to save them and store them on the premises in a dry place.

Painting wooden blinds is a time-consuming process. Stripping off existing paint when necessary due to excessive prior coats of paint is even more so! Under the best of conditions doing it yourself, you will need to allow a good 4 hours for each blind. (If you are set on doing it yourself, consult the September 1974 issue of *The Old-House Journal* for advice.)

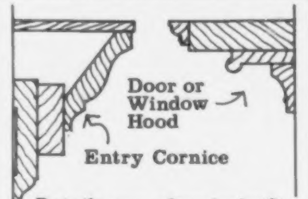
Vinyl blinds are conditionally acceptable only if they resemble their wooden counterparts in size, appearance, and fastening method. Aluminum blinds do not resemble wood, dent easily, and should be avoided.

TRIM

Trim elements of doors, windows, and cornices (dentils, friezes, brackets, etc.) should be properly maintained to prevent their loss through deterioration. If replacement with new materials is necessary, try to match the original detail. If this is not possible, a simplified treatment that matches the original in size and proportion is the best solution.

Loose trim can be refastened by carefully drilling a hole, counter-sinking, and screwing the trim back on. Missing trim can be duplicated closely with a portable jigsaw and drill using standard sizes of white pine lumber. If you can't match it exactly, duplicate the mass and rhythm of the original. Remember that seemingly complex details can be built up from simple pieces. When dismantling a complex element for repair, note how it was put together. Sketches or photographs will be especially helpful when you make replacement parts.

With the advent of waterproof synthetic materials, it is now possible to preserve and recondition partially rotted wood details and ornaments. Epoxies, polyesters, and other synthetic resins can be used in filling and shaping, repairing details, and building up partially rotted areas of your house. In addition, it is possible to completely reproduce carved ornament such as brackets and barge boards in an inexpensive durable epoxy. Cracked doors can be re-laminated; missing brackets can be molded; and balusters can be reglued. Because these synthetic resins are waterproof, the repairs will not loosen in the rain.



Details can often be built from stock lumber pieces

Some of these resins allow partially rotted wood to regain its strength through impregnation. This is done by drilling holes in the end grain and soaking the wood through the holes. When the resin hardens, the wood is often tougher than it was originally.

If you cannot or do not wish to redo parts of your trim yourself, a local carpenter or woodworking firm may be able to repair or duplicate it. Whether you do the work yourself or have it done, the effort will be a substantial investment in and improvement to your property.

ROOFING

COMPARISON OF ROOFING MATERIALS

ROOFING MATERIAL	PERIODS OF LOCAL USE	LIFE EXPECTANCY
Asphalt Shingles	c.1910–c.1930 Conditionally appropriate for all other periods	10–20 years Formerly up to 40 years when asphalt shingles were made from rag stock
Red Cedar Wood Shingles	All periods	30–100 years
White Cedar Wood Shingles	Not recommended for roofing installation	10–30 years
Wood Shakes	Not historically appropriate	—
Slate	c.1870–present	Over 100 years
Asbestos Shingle	c.1885–c.1925 Not readily available	Over 100 years
Tin Sheets Terne Plate	c.1840–present	Over 70 years if maintained by painting every 8–10 years

NOTE: Fire treated red cedar shingles which will give a Class "C" fire rating are available for use in densely built-up areas.

While early houses in Salem were protected by wood cedar shingles, sheet metal (with standing seams), or slate, material costs and building codes make duplication prohibitive for most homeowners. Fortunately, asphalt shingling is a relatively inexpensive, rot- and fire-resistant alternative which can be spaced to resemble wood shingles and slate.

The roof protects the house from the elements. Never wait for a leak to occur! Leaks often do not show until after they have done substantial damage. Although most roof coverings will last about twenty years, they should be periodically inspected for missing or cracked pieces. The southern exposure usually deteriorates the fastest due to the hot sun breaking down the asphalt composition or drying out the wood shingles. Cracks can develop, allowing rain to penetrate or wind to blow off the brittle roofing material.

In many cases it is not necessary to replace the entire roof as individual pieces can simply be replaced. However, when the roof must be redone, care should be taken in the selection of materials and color.

Keep in mind that labor accounts for the largest part of roofing costs, so if you intend to live in your house for many years, it is worth the initial added expense of high-grade materials. In addition, roof or gable vents should also be installed to assure proper ventilation, thereby extending the life of the roofing surface. Otherwise a roof will deteriorate prematurely due to excessive heat building up under its surface.

The most vulnerable part of any roof is at the edges where it meets chimneys, sewer vents, cornices, etc. No discussion of roofing would be complete without addressing the necessity of flashing and gutters to keep the flow of water away from these vulnerable areas.

Sources of Roof Leaks

- Loose flashing around chimneys and valleys
- Loose or missing shingles
- Cracks caused by settling rafters
- Water back-up from clogged gutters or from other debris
- Protruding nail heads
- Cracks in chimney masonry
- On flat roofs: bubbles and blisters; cracks where the roofing abuts vertical surfaces

A Caulking Checklist:

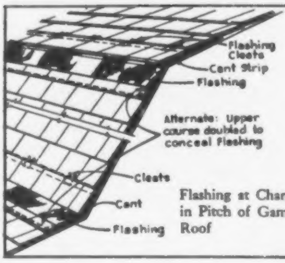
- At joints between masonry and woodwork
- Between siding and decorative molding
- Around columns, capitals and gingerbread details
- Between siding and drip caps on windows and doors
- Between siding and window sills
- Between siding and frames of doors and windows
- Between porches, masonry steps and house foundation

FLASHING, GUTTERS, AND DOWNSPOUTS

Where vertical elements penetrate the surface of the roof, the juncture must be flashed carefully or leaks will almost certainly occur. Flashing around chimneys is in two parts: base flashing, which is fitted into the shingles, and the upper (cap) flashing, which is built into the brickwork as the chimney is laid. One piece of base flashing should be used for each course of shingles, and it should extend onto the roof surface at least four inches. Flashing around dormers is similar, but cap flashing is omitted since the base flashing is turned up under the dormer wall covering. Where roofs change pitch it is necessary to flash the break. Generally, the flashing is carried under the upper course of shingles and out on top of the lower course, but it may be hidden by doubling the lower course of shingles. Nails driven into the flashing should be embedded in lead washers to prevent leakage.

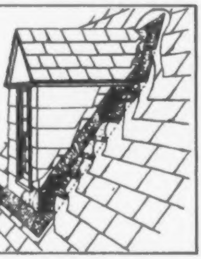
When checking the roof each spring, the homeowner should clean gutters of all dirt and leaves. If the gutters are clogged, water will spill down the wall, soon staining and deteriorating cornices and siding.

Hung below the eaves, gutters get heavy when filled with ice and should be supported every 30 inches to prevent sagging or collapse. Since metal will expand and shrink with changes in temperature, room must be left to allow gutters to expand free of their supports. Gutters must slope down about one inch for every 16 feet of length to insure proper drainage. Be sure to install a screen at the downspout opening to keep leaves out. If aluminum gutters and downspouts are used, select a colored anodized or baked enamel finish which blends well with the house colors.

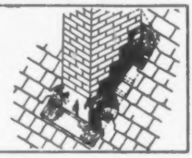


Flashing at Changes in Pitch of Gambrel Roof

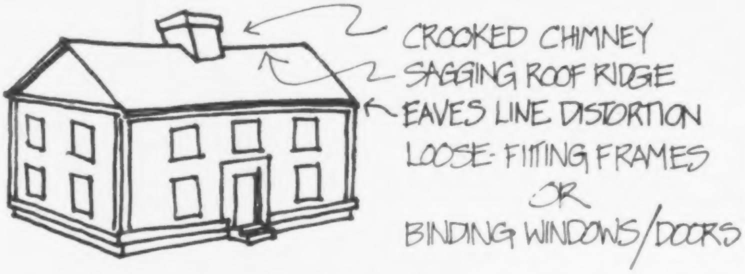
Dormer Flashing



Chimney Flashing



Drawings taken from ***Dwelling House Construction*** **by Albert H. Dietz, 1971. Used by permission of the M.I.T. Press.**

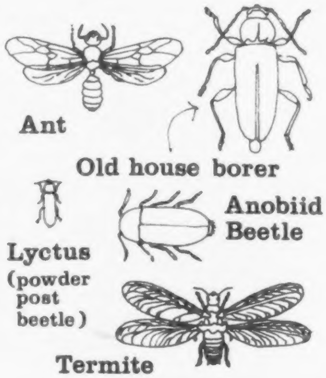

CROOKED CHIMNEY
SAGGING ROOF RIDGE
EAVES LINE DISTORTION
LOOSE-FITTING FRAMES
OR
BINDING WINDOWS/DOORS

Signs of Severe Settlement

FOUNDATIONS

A sound and watertight foundation is essential to the maintenance of your house. If discovered early, problems can usually be corrected with simple procedures and minimal expense. But untreated foundation problems will cause irreversible damage like excessive settlement of the house or the infestation of termites or other insects.

Check your basement and foundation walls often enough to keep your peace of mind that all is in order (a few hours after a heavy rainfall is the best time to check). Armed with a light and ice pick, you will want to look carefully for any developing cracks, and check the soundness of mortar and wood structural members.


Ant
Old house borer
Anobiid Beetle
Lyctus (powder post beetle)
Termite

KNOW YOUR ENEMY

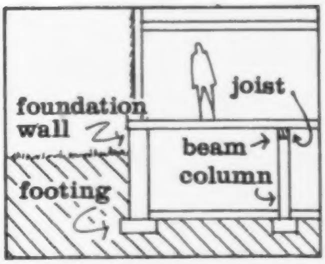
Long cracks in basement walls usually indicate settlement. Check the interior walls upstairs for cracks. If none appear, your house probably settled some when it was first built but is now stable. Recent or reappearing cracks (patched areas where cracks reappear) may indicate serious continued settling, and you will want to call in a professional at once.

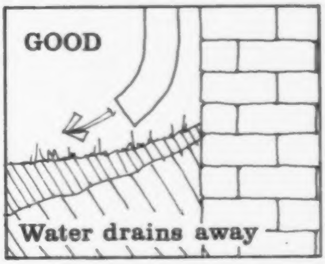
A basement suffering moisture problems should be waterproofed since persistent dampness may soon lead to structural deterioration. If excessive moisture is evidenced, begin by checking the outside of the foundation.

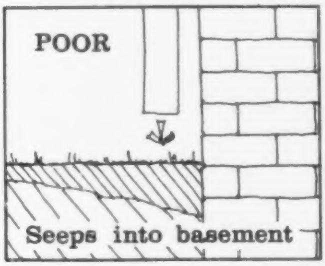
Watertables and downspouts are traditional means of directing rain water away from the edge of the building. Thirsty plants or gravel to aid run-off are also commonly used along foundations. While bricks and stone in walls are extremely weather-resistant, the joints between them can deteriorate slowly as water, ice, and temperature changes work on them. Deteriorated mortar joints will allow water (which, underground, is under great pressure) to work its way through the wall. Repointing the joints, thoroughly cleaning the wall, and then painting it with a standard basement waterproofing paint will usually solve moisture problems.

If the condition of your basement walls has deteriorated to the point that the exterior surface (below grade) needs sealing, or if excessive water pressure requires it, you will most certainly want the advice of a professional. Procedures to solve this problem are often expensive and require special materials and expertise.

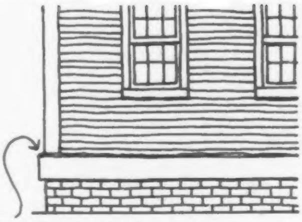
Unventilated and periodically wet wood invites dry rot, a fungus growth which, like termites, lives on wood cellulose. Undetected, termites or rot can eventually collapse a wood frame home, so periodic inspection for these pests is a necessity. Probe all vulnerable areas—where sill and joists rest on masonry walls and other areas where moisture is most likely to







be trapped. If you can easily penetrate the wood to about one inch, it is sufficiently damaged to warrant replacement. If you check your basement regularly and call in a professional exterminator at the first suspicion of trouble, these destructive pests can be stopped and considerable replacement expense avoided.



WATER TABLES:

A NOTE ON BRICKWORK

Because of its extreme durability as a building material, brick is often mistakenly thought of as a maintenance-free material. Older brick buildings and foundations will eventually require care, and in recent years some controversy has arisen about the best methods for cleaning and repairing older masonry structures. For those of you who would like some assistance in considering the different procedures, we have included a summary of the care of masonry.

The cleaning process may be one of three types:

1. *Steam Cleaning*

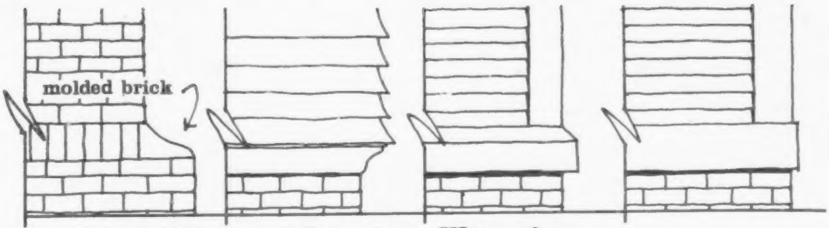
   Best done by a professional, this method is sufficient for removal of dirt, lichen, and rust stains. More severe stains or paint removal will require chemical solvents.

2. *Chemical Solvent Cleaning*

   This involves washing down and scrubbing with a solution usually containing muriatic or hydrochloric acid. It is a good general cleaning method which can easily be done by the energetic homeowner himself. Care must be taken to keep the solution off non-masonry surfaces to prevent staining or etching. The use of a high pressure water hose (300–500 psi), which can be rented, will greatly facilitate the process.

3. *Sandblasting*

   This method is expensive, requires professional help, and is generally *not* recommended. It destroys a bit of the top brick surface and leaves it porous and open to further weathering effects. It generally is a method used only for the most badly stained brick surface and should not be undertaken without professional help.



Traditional Means of Directing Water Away

If brick is to be painted, latex paint is best. It allows the brick to breathe and will not peel as quickly as oil paints, provided the surface is scraped clean of any existing oil paint before the new latex is applied.

When bricks do need to be replaced, make every effort to match the size and color of the existing brick and set the brick in courses that match the original bond pattern.

Never cover brick with another type of siding. Repointing costs no more than metal siding and will last longer.

A richly-textured brick wall is superb. For this reason a dark mortar is best as it emphasizes the wall as a whole rather than the individual bricks. When a light mortar is used, each brick appears to stand out.

If new brick is to be integrated successfully with an old wall, it must match each of these variables:

1. The color, texture, and size of the bricks themselves.
2. The width of the joints between the bricks.
3. The color and tone of the mortar in the joints.
4. The type of joint (it may be flush with the brick face or raked back to form a groove).
5. The bond of the bricks (the pattern in which bricks are laid).

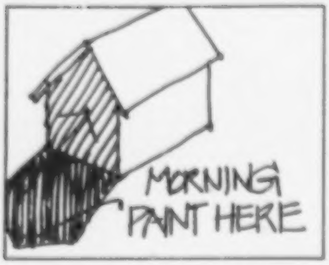
PAINTING

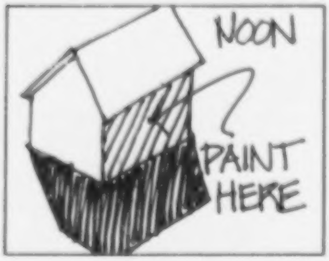
Painting may well be the most common maintenance chore encountered in the care of a wood frame house. While new paint types have simplified this task somewhat, there is still much more to a "professional" painting job than a quick coat of the season's bargain paint. With a discriminating look you can read the extent of wear to your existing paint, and you can also usually determine the cause of problems that shorten the life of a paint job. The successive stages of wear to a painted surface are:

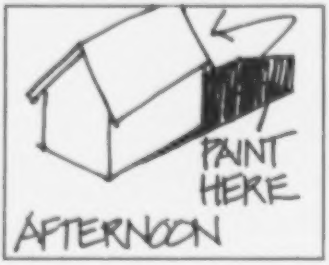
1. *Soiling*–dirt collects on the surface.
2. *Flatting*–gloss disappears.
3. *Chalking*–the surface becomes powdery. Accumulated dirt will wash off leaving the surface dull though fairly clean.
4. *Fissuring*–the surface either becomes checkered by small, superficial cracks that eventually penetrate the wood, or it develops major cracks, in which fissures pass through to the wood almost immediately.
5. *Disintegration*–either crumbling or flaking of the surface, causing pieces of the paint to fall away.

If you allow your paint to go beyond the chalking stage so that weathering reaches to the wood itself, it will be necessary to remove all old paint before new paint can be applied. This is an expensive and time-consuming task which is best avoided!

Check the list of some common paint problems and their causes. Often the life of a coat of paint will be shortened by poor application or moisture problems trapped behind the painted surface. To get the most from your time and money, it is best to know what mistakes to avoid when painting.







The paint defects described are of two types: defects caused by poor paint and defects caused by poor preparation of the surface or poor workmanship.

If there is evidence of one of these paint problems on your house, it is probably best to scrape the old paint and start fresh in order to gain the longest life from the new paint. Most old houses have probably been painted five or more times and the surface may have reached its saturation level—the point at which the thickness (.016 inches or greater) prohibits the passage of moisture through the surface. If not capable of "breathing," the paint coat will invariably soon peel or crack away from the underlying wood surface.

Removing old paint is a time-consuming job but will save maintenance costs and labor in years to come! Three removal methods are sanding, burning the paint off with a propane torch, and chemical removers. Sanding by hand is only for the most devoted old home buff—it takes time, time, time. An electric sander will do the job faster and just as well, provided you take care not to dig into the wood surface. If you use a torch to soften the paint with heat, be careful not to scorch the wood! Remove the loosened paint with a putty knife, then scrape and sand the surface. If chemical removers are used, remember to wear gloves and to wash down the surface well before preparing for the prime coat.

PAINT PROBLEMS

EVIDENCE	CAUSE
Heavy checking and "alligatoring"	Undercoats are too soft—either poor paint or insufficient drying between coats.
Heavy cracking and scaling	Paint pigments that promote brittleness and hardness are responsible.
Blistering and peeling	Moisture in the wood behind the paint—either because the wood was too wet when painted or because moisture worked its way behind the paint film.
Spotting or loss of gloss	Too thin paint films which cause absorption of oil by the wood and permit premature loss of gloss, fading, and chalking.
Wrinkling or sagging	Excessively thick coats which will skin over quickly without hardening underneath until a later time, when wrinkles develop.
Excessive soiling	The surface film contains too much oil and is apt to be soft and tacky and collect dirt in excessive amounts.
Mildew	Often mistaken for soiling, mildew is apt to occur in warm, damp, shaded areas in which ventilation is poor. A cleaning solution for mildew: 3 qt. warm water, 1 qt. bleach, 2/3 cup Borax, 1/2 cup detergent.

Tips on Painting

1. Choose your colors carefully. See the color chart and suggestions in the Design section of this handbook.

2. Determine whether you can repaint or will need to scrape off old paint. If you can repaint, determine the type of paint already on the house. If it is an oil base paint, the wisest choice is to repaint with an oil base—applying a latex (water base) paint over an oil base is inviting problems. If you must mix paint types, never apply a latex to a surface that is still glossy—wait until it has dulled for better adhesion. If you have decided to invest the energy in scraping the surface clean of old paint, prepare the surface carefully with two prime coats of a solvent-based primer, allowing drying time between coats. The first coat should be 4-to-1 (4 quarts of paint to 1 quart of mineral spirits) to drive the paint into the wood surface. (A 1-to-1 turpentine-linseed oil combination can also be used for the first prime coat.) The second coat should be full strength. One top/finish coat should be sufficient with proper priming. (If you are using a latex paint and mildew is a problem, two top coats should be used.)

3. When selecting a paint, remember that the primer and top coat should be considered *together*. If they don't mix well, you are painting on future problems. The safest course is to purchase a primer and top coat of the same brand.

4. Before you begin to paint make sure that you have taken care of any severe moisture problems, caulked where necessary to make all joints

watertight (see the checklist on page 78), and thoroughly cleaned and prepared the surface for painting.

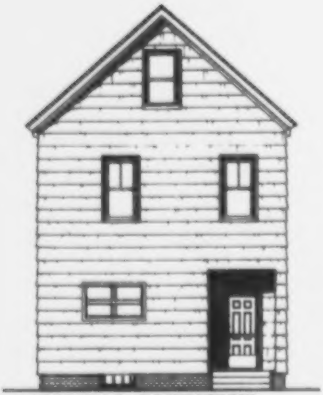
5. Choose a good day for the job–if it looks like rain, wait! Never paint in direct sun or excessive cold (above 40 degrees is best).

6. For doors and porches consider using a polyurethane finish in place of varnish or shellac. Do not use any other finish on top of the polyurethane without roughing up the surface with sandpaper or a wire brush first.

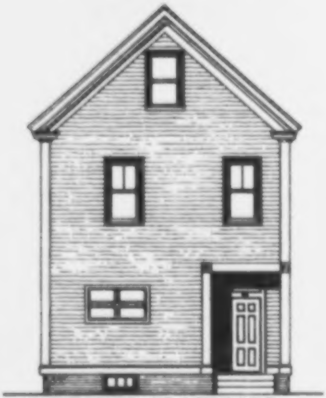
7. When cracking, peeling, and blistering are a recurring problem, consider using one of the new heavy-bodied opaque stains. These stains closely resemble the appearance of paint but often outperform a painted finish. The surfaces must be properly prepared (scraped, sanded, and primed as necessary) for the stain to be effective. Except in the case of very light colors being applied over very dark colors, one coat of opaque stain often completely covers the old paint. If you choose to use a stain, be sure to follow the manufacturer's instructions carefully.

8. You may want to seek restoration advice from either Historic Salem, Inc., SPNEA (The Society for the Preservation of New England Antiquities), or a qualified restoration architect.

9. Remember: you get what you pay for. Labor is the greatest expense in repainting, so don't skimp on the quality of your paint!



ORIGINAL CONDITION



RESTORED CLAPBOARD

REHABILITATION SURVEY

Throughout this handbook we have stressed style and design features that affect the overall attractiveness of a house. Though appearance will strongly influence any home improvement decision, the *cost* of the work may be an even more important consideration.

To give you a range of rehabilitation expenditures, three residences in Salem were used as models. All estimates are case-specific to the properties, reflecting their materials, condition, and size. Consequently, do not expect the itemized costs to be the same for your house. These are just examples so you can see the extent of work and type of expenses you might anticipate.

In each example, "basic" and "extensive" rehabilitation costs were compared. A basic rehabilitation includes those alterations which are necessary for a building to stand in safe, sound condition. While existing architectural details are repaired, none are replaced. Extensive rehabilitation, on the other hand, calls for the repair and replacement of original details. Because this involves more extensive work, the cost is substantially higher.

As you will note on each cost-out we have addressed only *exterior* work, and in each case the final figure includes materials and labor. Thus, the figure for replacing clapboard, trim, windows, etc. reflects the *entire* exterior cost. Also remember that cost varies depending on the degree of deterioration. Consequently, the repointing expenses of one foundation can be more or less than those of another. Finally, you should be prepared to expect up to a 25% increase in any estimate. This contingency allowance is a standard cost for all construction to account for escalating material prices and unforeseen problems.

For your reference, assumptions regarding unit costs have been listed.

Repointing brick	$10. per square foot
Repointing granite	3. per square foot
Cornice and trim repair	10. per square foot
Cornerboards (replacement)	$ 4. per linear foot
New roofing	150. per square

(A "square" [100 square feet] is the standard unit for both roofing and siding materials. For roofing material we have specified red cedarwood shingles treated with a fire retardant. The price includes the removal of nails and tarpaper and assumes 25% replacement of roof sheathing.)

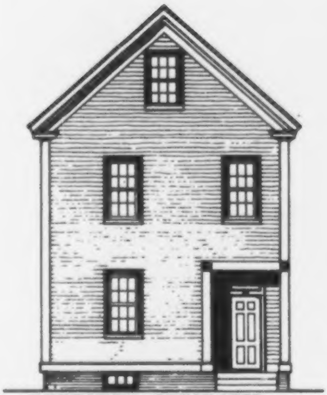
Window sash	$ 80. per unit (for 6/6) 85. per unit (for 12/12)
Window frames	100. per unit

(Smaller basement windows will cost about $60. each for total replacement.)

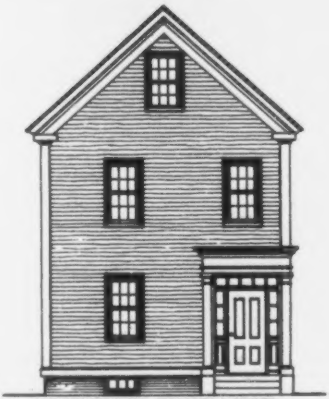
Clapboards	$125. per square
Painting	0.50 per square foot

(Price includes preparation of the surface and prime coat plus two coats of oil-based paint.)

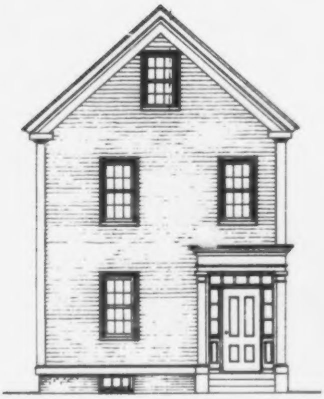
Wood gutters and leaders	$ 4. per linear foot
Picket fence	12.50 per running foot



RESTORED WINDOWS



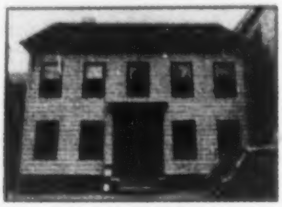
RESTORED ENTRANCE

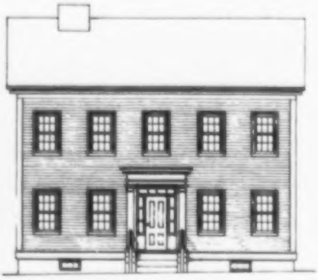


28 BECKET STREET is a much altered wood frame Greek Revival residence which illustrates dramatically how the building's appearance can improve from a given cash investment.

BUILDING COMPONENT	BASIC REHABILITATION ACTION	COST	EXTENSIVE REHABILITATION ACTION	COST
Foundation	Repoint all brick	$2000	Repoint all brick	$2000
Chimney	Repoint all brick	250	Repoint all brick	250
Stairs or Steps	—	0	New wooden steps for front entry	300
Roof & Flashing	—	0	New treated wood shingle roof	1500
Cornice & Trim	Patch and repair existing elements	1760	Repair or replace all trim. Add cornerboards and sill board	2080
Siding	—	0	New wooden clapboards on front and side (repair existing clapboards on rear and side)	1750
Windows	Repair 15 existing frames	1500	Replace first floor window (400) Replace 15 sashes to 6-over-6 (1200) Repair 15 frames (1500)	3100
Door	—	0	Replace with 4-panel wooden door (200) Rebuild entry out to street (1500)	1700
Painting	Paint all siding and trim	1500	Paint all siding and trim	1500
		$7010		$14,180

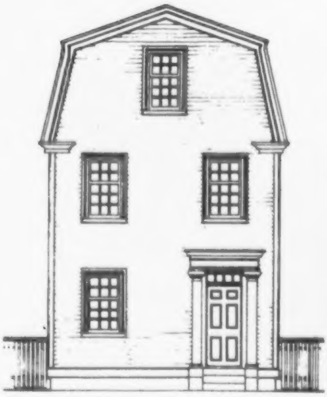
7 CARLTON STREET is a wood frame two-family Greek Revival residence. Although the granite foundation needs minor repointing and the basement windows need replacing, the building is in sound condition. The modern asbestos siding, altered entry, and unfortunate placement of the electrical supply line are masking the potential of this home.





BUILDING COMPONENT	BASIC REHABILITATION ACTION	COST	EXTENSIVE REHABILITATION ACTION	COST
Foundation	Repoint all granite	$ 750	Repoint all granite	$ 750
Chimney	—	0	Rebuild	500
Stairs or Steps	—	0	Remove concrete steps and replace with wooden steps and handrail	650
Roof & Flashing	—	0	New treated wood shingle roof	1800
Cornice & Trim	Patch and repair all existing elements	1250	Replace trim and add cornerboards	2050
Siding	—	0	New wooden clapboards	3500
Windows	Repair 28 existing windows (2800) Replace 2 basement windows (120)	2920	Patch and repair 28 existing Replace 2 basement windows	2920
Door	Replace with 4-panel wooden Greek Revival style door	200	Replace door, transom, and sidelights	700
Painting	Paint all siding and trim	1400	Paint all siding and trim	1400
Additional	—	—	Relocate power supply line to off-street side of house	450
		$6520		$14,720

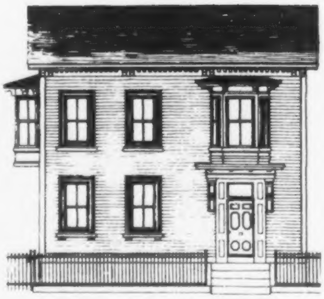
501



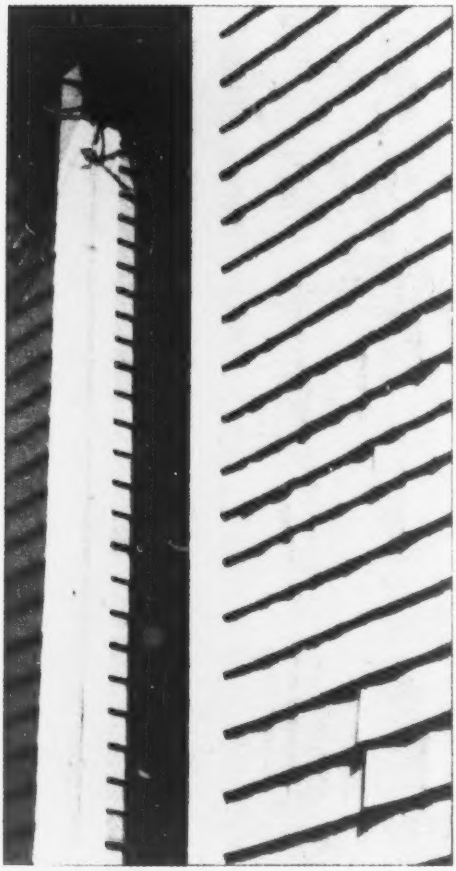
109 DERBY STREET is a wood frame two-family Georgian residence. As discussed and illustrated on page 35, retention of a modern front entry is recommended in renovation. Restoration, on the other hand, would involve replacement of both the entry and the modern window on the first floor, costing approximately $1400.

BUILDING COMPONENT	BASIC REHABILITATION ACTION	COST	EXTENSIVE REHABILITATION ACTION	COST
Foundation	Repoint all granite	$ 750	Repoint all granite	$ 750
Roof & Flashing	—	0	New treated wood shingle roof, new flashing	2500
Cornice & Trim	—	0	Add cornerboards and sill boards	2000
Siding	—	0	Replace shingles with new wood clapboards	3750
Windows	Replace one window sill and frame	180	Replace picture window on first floor (400). Replace 6-over-6 sash in 20 windows (1600) Replace 6-over-6 sash in 20 windows (1600)	2000
Door	Simplify existing entry (Alternative 1, page 35)	300	Replace with restored entrance and door	1000
Painting	Paint all siding and trim	1500	Paint all siding and trim	1500
Additional	—	0	Replace chain link with wood picket fence	250
		$2730		$13,750

44 ESSEX STREET is a two-family late Victorian Eclectic residence with many of the fine details that characterize this style: an ornate cornice under the eaves, bracketed door hood, and projecting oriel window bays. Fortunately, as is characteristic of Salem homes, little of major consequence has been done through the years to alter the historic character of the house. Removal of the asphalt siding, patching and repairing trim, and liberal use of paint could accomplish a dramatic restoration. The wrought iron fence, which will require minor repair, should be retained as an especially pleasing feature of this late nineteenth century house.



BUILDING COMPONENT	EXTENSIVE REHABILITATION ACTION	COST
Foundation	Granite in good condition. No work necessary.	$ 0
Roof & Flashing	Strip, sheath with plywood, and repaper; then reshingle	2500
Gutters	Gutters in poor condition Repair and replace	1000
Chimney	Good condition. No work necessary	0
Cornice & Trim	Rebuild fascia & soffit (350) Repair/replace cornerboards (300)	650
Siding	Peel off asphalt. Repair/replace clapboards (assume 30% replacement) Re-nail existing clapboards in good condition	1500
Windows	Rebuild 24 windows as necessary	1560
Door	Replace rotted soffit, dentil, and fascia. Rebuild frame	1000
Painting	Paint all siding and trim	1500
Porches	Repair	500
		$ 10,210



RESOURCES

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HOME INSPECTION CHECKLIST *

Restoring an old house can be one of the most creative and exciting experiences of your life. But a house can also be a trap for the unwary. Behind that charming facade may lurk a host of mechanical and structural faults that will tax your patience and empty your bank account.

This guide is not designed to take the place of an evaluation by a professional house inspector. This Checklist will, however, help you eliminate from consideration those houses that are more than your budget can handle. If you already own an old house, use this Checklist as an annual check-up. Thorough inspections at regular intervals will help you catch little problems before they become big ones.

COME PREPARED

When setting out on an old house inspection, you should have with you: Flashlight, small magnet, plumb line (string with small weight will do), penknife, a pair of binoculars, pad and pencil, and this inspection checklist.

THE ROOF:

A sound, tight roof is the first line of defense against the #1 enemy of an old house: water. If the roof is in bad shape, you should plan to repair—or replace—it right away.

1. Type of roof on house (arranged in approximate order of longevity):

- ☐ Slate (1)
- ☐ Copper (2)
- ☐ Ceramic Tile (3)
- ☐ Tar & Gravel (4)
- ☐ Asbestos Tile (5)
- ☐ Wood Shakes (6)
- ☐ Wood Shingles (7)
- ☐ Galvanized Steel (8)
- ☐ Asphalt Shingles (9)
- ☐ Roll Roofing (10)

	YES	NO
2. Gable roof: Any sign of missing, broken or warped shingles or tiles? (This could mean roof will have to be replaced soon. It can also mean that there is water damage inside.)	☐	☐
Note: Binoculars can give you a good close-up view if it is impossible to actually get up on the roof.		
3. Asphalt shingles: Are the mineral granules getting thin and do edges of shingles look worn?	☐	☐
4. Asphalt shingles: Does roof look new but lumpy? (New roof may have been applied directly over old shingles. No way to tell what sins may have been covered over.)	☐	☐
5. Flat roof: Any sign of bubbles, separation or cracking in the asphalt or roofing felt? (Roofing should be flat and tight; it shouldn't feel squishy under foot.)	☐	☐
6. Flashing around chimneys & valleys: Any sign of rusty, loose or missing flashing? (Flashing is the weakest part of any roof. Copper is the best flashing and will show a green patina.)	☐	☐
7. Chimneys: Is the masonry cracked or crumbling?	☐	☐
8. Do the old chimney flues have a tile lining? (If not, they could be a fire hazard in conjunction with wood-burning fireplaces.)	☐	☐
9. Gutters: Are there any loose, rotted or missing gutters?	☐	☐
10. Does the ridge of the roof sag? (This could be normal settling that comes with age—or it could be caused by rotted rafters. Check further!)	☐	☐

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*Adapted with permission from *The Old-House Journal*, 199 Berkeley Place, Brooklyn, New York 11217.

	YES	NO
11. Cornice: Is there badly peeling paint on the cornice–especially the underside? (This can be sign of a roof leak that is spilling water into the cornice.)	☐	☐

EXTERIOR WALLS:

	YES	NO
1. Do exterior walls seem plumb? (You can check with a plumb line; a weighted string will do. Out-of-plumb walls can be a sign of serious foundation problems.)	☐	☐
2. Sight along exterior walls. Any sign of major bulges? (This could signal major structural flaws.)	☐	☐
3. Do doors line up squarely in their frames? (Out-of-square doors can be another sign of possible foundation trouble.)	☐	☐

Note: Almost all old houses settle in a haphazard manner. So signs of sag are not necessarily a major drawback. But it does mean a thorough investigation should be made to find the root causes. Some sags require no remedy. Others can be cured with a few extra support posts. Still others may require major foundation surgery.

	YES	NO
4. Is decorative woodwork firmly attached to house and tightly caulked to prevent water penetration?	☐	☐
5. Is exterior paint fresh and in good condition?	☐	☐
6. If paint is not new, is it powdering and chalking to a dull powdery surface? (This is the way old paint should look.)	☐	☐
7. Is paint peeling, curling and blistering? (This could mean a serious water problem–either a leak or lack of sufficient vapor barrier in wall.)	☐	☐
8. Are there open joints around door frames, window frames and trim? (These will have to be caulked.)	☐	☐
9. Are joints between dissimilar materials (e.g., wood and masonry) well protected with flashing or caulk?	☐	☐
10. Is putty around window glass sound and well painted?	☐	☐
11. Masonry walls: Any signs of cracks? (Horizontal cracks and hairline cracks in bricks are not a major problem; cracks that run vertically through bricks and mortar are more serious.)	☐	☐
12. Is mortar soft and crumbling; are bricks missing or loose? (Loose masonry is vulnerable to attack by water. . . and having a masonry wall repointed with fresh mortar is expensive.)	☐	☐
13. Has masonry been painted? (It will have to be re-painted about every 5 years, or else stripped–a major task.)	☐	☐
14. Stonework (especially sandstone): Any sign of spalling, cracking or crumbling of the stone? (This can be expensive to repair.)	☐	☐
15. Clapboards: Are many loose, cracked or missing? (This is an open invitation to water–and rot.)	☐	☐
16. Shingles: Are they thick and well nailed? (Thin, badly weathered shingles may have to be replaced.)	☐	☐
17. Do shingles have a natural finish? (Natural finishes are easier to re-apply to shingles than is paint.)	☐	☐

TERMITES & ROT:

	YES	NO
1. Termites: Any sign of veins of dirt on interior or exterior walls? (These are termite mud tunnels. Look for them on foundation, under porches, steps and on cellar walls.)	☐	☐
2. Does wood near the ground (both outside and inside) pass the "penknife test"? (Wood should be probed with penknife to test for soundness. Check areas such as cellar window frames, sills, floor beams and posts, porches and steps.)	☐	☐

YES NO

Note: Unsound wood can be caused by either termites or rot. Rot can be arrested by shutting off the source of moisture. Termites call for chemical warfare. If unsure about the cause of bad wood, call in the experts.

3. Is all exterior wood at least 6-8 in. above the ground? (If not, this is an inviting target for termites and/or rot.) ☐ ☐

4. Is there any vegetation close to the house? (Vegetation holds moisture in wood. Be sure to check behind it for rot.) ☐ ☐

5. Any signs of rot in cornice or attic beams? (Leaking roofs and gutters often spill water into top of house where it goes undetected for long periods.) ☐ ☐

THE ATTIC:

1. Any sign of leaks (such as dark water stains) on the underside of roof, especially around chimneys, valleys and eaves? ☐ ☐

2. Is attic adequately vented? (Check especially for signs of mildew on underside of roof boards.) ☐ ☐

INSULATION:

Note: Most houses built before 1940 had no built-in insulation. However, some old houses will have had insulation added. Houses with brick or stone walls rarely have any wall insulation. With cost of fuel soaring, a well-insulated house is a big asset.

1. Attic: Any loose fill insulation visible between attic floor joists? (This is best place for attic insulation.) ☐ ☐

2. Has insulation been blown into side walls? (In cold weather you can tell how good wall insulation is by feeling the inside of an exterior wall and comparing with temperature of an interior partition. They should feel about the same.) ☐ ☐

INTERIOR SPACES:

1. Are there any signs of damp plaster? ☐ ☐

YES NO

(This means leaks coming either from roof or internal pipes. Check especially top-floor ceilings, the inside of exterior walls, and ceilings and partitions under bathrooms.)

2. Is there any loose plaster in walls or ceilings? (Cracks in plaster are par for the course—but plaster that is spongy when you push on it will have to be repaired or replaced.) ☐ ☐

3. Is there a noticeable bounce to the staircase when you jump on it? Are there any noticeable gaps between treads, risers and side stringers? (Substantial vibration may mean structural problems that will be quite costly to correct.) ☐ ☐

4. Is flooring original and in good repair? (Floors covered with carpet or linoleum can harbor many problems—especially if you want to restore the original flooring.) ☐ ☐

5. Do floors have a pronounced sag or tilt? (This could just be normal settling or serious structural flaws. Check for cause.) ☐ ☐

6. Do floors vibrate and windows rattle when you jump on floors? (This is symptom of inadequate support. Among possible causes: Undersized beams, inadequate bridging, cracked joists, rotted support posts. Often this can be cured fairly simply with a few new support posts.) ☐ ☐

7. Windows: Do sashes move up and down smoothly? ☐ ☐

8. Do window frames show signs of substantial water leakage? (Look for chipped and curling paint at bottom of sash and sills. This can be cured with caulk, putty and paint.) ☐ ☐

9. Are there smoke stains on the front of mantels? (This is a sign of a smoky fireplace. It can be cured—but it is a bother.) ☐ ☐

FOUNDATION: YES NO

1. Is there a dug cellar with wood sills resting solidly on a masonry foundation well above ground level? (Some old structures have "mud sills"—heavy beams resting directly on the ground. These eventually have to be replaced which is a major undertaking.) ☐ ☐

2. Is mortar in foundation soft and crumbling? (This is not necessarily serious if there is no sign of sag in the structure; ditto for foundation walls laid dry—without mortar.) ☐ ☐

3. Are there any vertical cracks in the foundation wall? (This could be serious, or it could be from settling that stopped years ago. Have an engineer check it.) ☐ ☐

4. Does ground slope away from foundation so that rain water drains off? ☐ ☐

5. Do downspouts have splash blocks to divert water away from house? (If downspout goes into ground, be sure it isn't pouring water into the earth next to the foundation—a flooded basement is the likely result. ☐ ☐

THE CELLAR:

1. Do sills (the wood beams at the top of the foundation walls) show signs of rot or termites? (Probe with penknife.) ☐ ☐

2. Any sign of dampness on the underside of floors around pipes? (If leaks have gone undetected for some time, there could be substantial wood rot.) ☐ ☐

3. Does basement show signs of periodic flooding? (It's a good sign if current owner stores important tools and papers on cellar floor. Bad signs: Rust spots, efflorescence or mildew on walls, material stored on top of bricks to raise it above floor level.) ☐ ☐

4. Any sign of sagging floors, rotted support posts or jury-rigged props to shore up weak flooring? ☐ ☐

YES NO

5. Are the water pipes and large waste pipes in good condition? (The cellar is the best place to evaluate the over-all condition of the plumbing. For example, look for patches on the waste pipes; it's an indicator of advanced age. Replacement is expensive.) ☐ ☐

ELECTRICAL SYSTEM:

1. Does wiring in cellar appear to be a rat's nest of old frayed wires? ☐ ☐

2. Does main power box in cellar have at least 100 amp. capacity? (An up-to-date installation will have capacity marked on it. An old fuse box with only 3–4 fuses in it means there may only be 30–40 amp.—far too little. A rewiring job will be needed.) ☐ ☐

3. Do all ceiling light fixtures have wall switches? ☐ ☐

4. Is there at least one electrical outlet on each wall in every room? ☐ ☐

5. Is there any sign of surface-mounted lampcord extension wiring? Multiple cords plugged into a single outlet? (This is a tell-tale of underwiring. Expect to hire some electricians.) ☐ ☐

PLUMBING:

1. What is the material of your piping? A magnet and small knife will tell you quickly. If it is copper, brass or lead, a magnet won't stick. When scratched with a knife, copper shows an orange-gold color; brass a yellowish-gold; and lead a silvery-gray. If the piping is galvanized/cast iron, the magnet will stick. ☐ ☐

2. Is water pressure adequate? (Test by turning on top floor sink faucets; then turn on bathtub and flush toilet. If water slows to a trickle, piping may be inadequate or badly clogged with scale.) ☐ ☐

3. Is plumbing connected to a city sewer system? ☐ ☐

	YES	NO
4. If there is a septic tank, was it cleaned in the last 3–4 years? (Overloaded septic tanks are a common source of trouble. It's best to call serviceman who did last cleaning and get his opinion of the system. Repairs can easily run over $1,000.)	☐	☐

5. Is water supply from:

☐ City main ☐ Drilled well ☐ Shallow well

Notes on water supply: City main is the most dependable source; shallow (dug) well is the least desirable. If water is from a well it is best to get it analyzed by the County Agent for fitness. If water is from a spring, beware of claims that "spring never runs dry" unless you can verify it. You may end up paying to drill a well during a long dry summer.

HEATING SYSTEM:

	YES	NO
1. Was heating plant originally designed to burn coal? (If so, it is probably more than 25 years old and may be a candidate for replacement.)	☐	☐
2. Does heating system operate satisfactorily? (You can test the system even on a summer day: Move thermostat setting above room temperature. Heat from a hot-air furnace should appear at registers within a few minutes; in a steam or hot-water system, radiators should heat up in 15–20 min.)	☐	☐
3. Will fuel bills present you with any unpleasant surprises? (Copies of fuel bills from the last heating season are the best measure of the heating system's efficiency.)	☐	☐
4. Is capacity of hot water heater at least 40 gal.? (This is minimum required by a family of 4 with an automatic clothes washer.)	☐	☐
5. Any sign of leaks or rust spots on the hot-water heating tank? (Check by peeking through small door that gives access to the pilot light.)	☐	☐
6. On steam heating systems, do floorboards around radiators show signs of black stains and rot? (This comes from leaks and indicates system hasn't been well maintained.)	☐	☐

PRESERVATION AGENCIES

The following are useful resources for information on legislation, publications, national and state funding, as well as for assistance with local historic preservation issues.

The MASSACHUSETTS HISTORICAL COMMISSION is the state historic preservation agency. As such it is responsible for compiling the state inventory of historic assets; administering the National Register program; and coordinating with local historical commissions. Contact: 294 Washington Street, Boston, MA 02108. (617) 727-8470.

The SOCIETY FOR THE PRESERVATION OF NEW ENGLAND ANTIQUITIES (SPNEA) is the oldest and largest regional preservation organization in the country. Besides operating a large number of historic house museums, it has a Consulting Services Department which offers technical assistance to those seeking to make conservation or renovation plans for older buildings. Contact: 141 Cambridge Street, Boston, MA 02114. (617) 227-3956.

The NEW ENGLAND FIELD SERVICE OFFICE (jointly sponsored by the National Trust and SPNEA) serves as a clearing house for information concerning the legal, economic, and organizational strategies needed by preservationists. Contact: 141 Cambridge Street, Boston, MA 02114. (617) 227-8054.

HISTORIC SALEM INCORPORATED is a non-profit preservation organization concerned with conserving historic sites and buildings and increasing community appreciation of our architectural heritage. Contact: P.O. Box 865, Salem, MA 01970. (617) 745-0799.

BOOKS TO GUIDE YOU

This bibliography has been prepared with two objectives in mind. First, we have selected resources that expand on subjects discussed in this handbook. Second, we have listed only those publications that are readily available. Titles marked with an asterisk (*) are available from the National Trust Preservation Bookshop, 740-748 Jackson Place, N.W., Washington, DC, 20006. (202) 638-5200.

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The Old-House Journal. Brooklyn, New York: The Old-House Journal Company. (Subscriptions $12/year. c/o The Old-House Journal, 199 Berkeley Place, Brooklyn, NY 11217.) Addresses renovation and maintenance techniques for older homes, ranging from wood timbering to wallpaper identification.

Historic Preservation and *Preservation News.* Washington, DC: The Preservation Press. (These quarterly and monthly publications are free to members of the National Trust. Write to the National Trust for Historic Preservation, 740-748 Jackson Place, N.W., Washington, DC 20006, for additional information.) Covers historic preservation issues and projects across the country.

Technology and Conservation. Boston: The Technology Organization, Inc. (Subscriptions $8/year. c/o Technology and Conservation, One Emerson Place, Boston, MA 02114.) Focuses on the application of science and technology to the analysis and conservation of cultural objects and architectural structures.

Bulletin of the Association for Preservation Technology. Ottawa, Ontario. (Subscriptions $20/year. c/o The Association for Preservation Technology, Box C.P. 2487, Station D, Ottawa, Ontario, Canada.) Deals with the development of architectural preservation techniques.

Small Towns. Ellensburg, Washington: Small Towns Institute. (Subscriptions $15/year for members. Write to Small Towns Institute, P.O. Box 517, Ellensburg, WA 98926.) Excellent resource for the planning and political dynamics of small towns.

RELATED MATERIALS

**Neighborhood Preservation: A Catalogue of Local Programs.* Prepared by the Real Estate Research Corporation through a research contract from the Office of Policy Development and Research of the U.S. Department of Housing and Urban Development, February, 1975.

**A Standard Bibliography for Historic Preservation.* Compiled by Philip D. Spiess, II. Washington, DC: Preservation Press, 1975.

**The National Register of Historic Places.* Supplement, 1974. Lists the National Register properties throughout the country.

**A Guide to State Historic Preservation Programs* (1972 edition). Washington, DC: Preservation Press, 1972.

American Institute of Architects. *How to Find, Evaluate, Select, and Negotiate With an Architect.* Washington, DC: American Institute of Architects, 1974.

Building the Future From Our Past. A Report On the St. Paul Historic Hill District Planning Program. St. Paul, Minnesota: Old Town Restorations, Inc., 1975.

College Hill. Providence, R.I.: Providence City Planning Commission, May 1967.

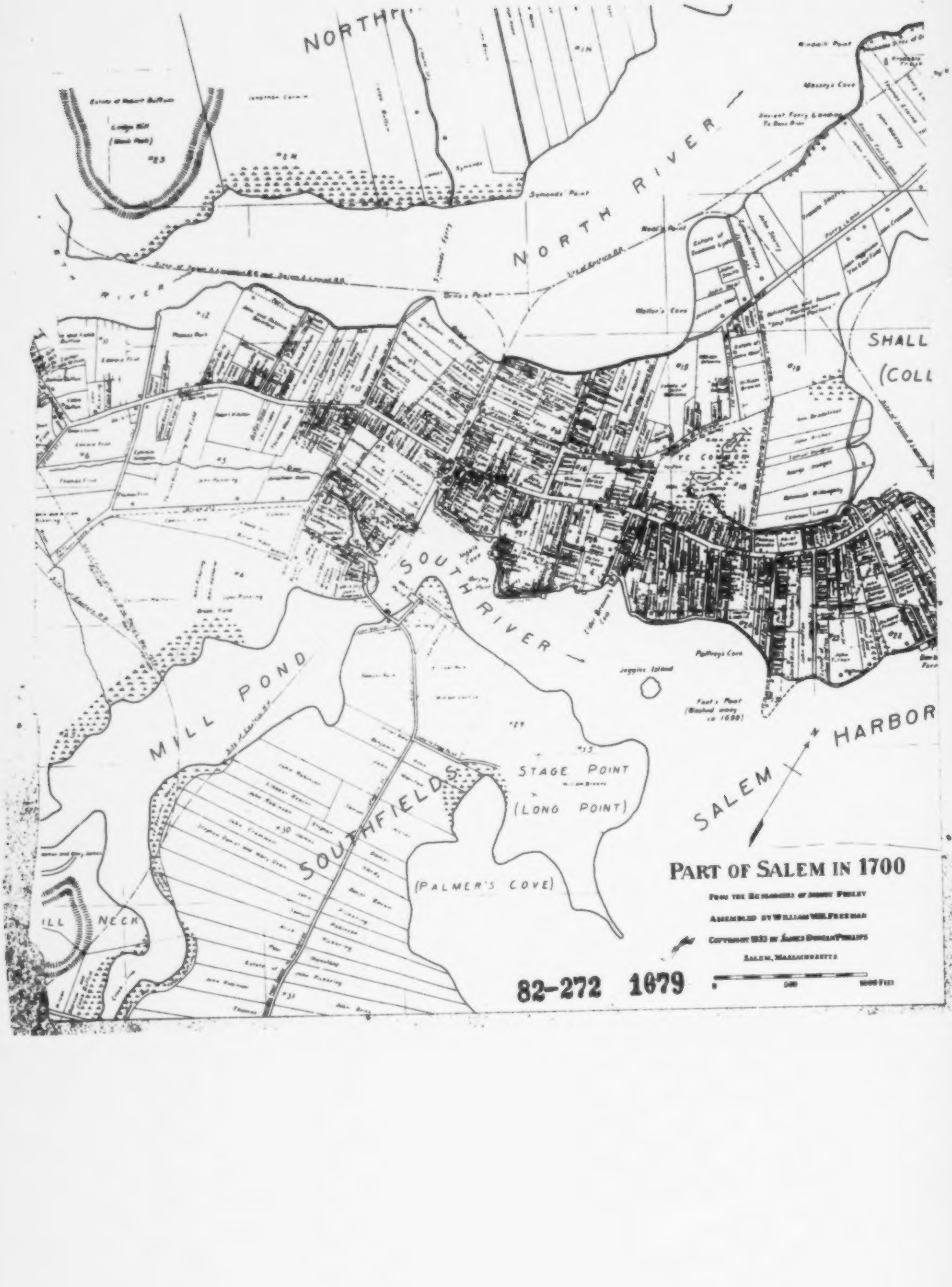
Old Anacostia, Washington, D.C. A Study of Community Preservation Resources. Edited by Anatole Senkevitch, Jr. Prepared by the School of Architecture at the University of Maryland, 1975.

Historic Preservation Plan. Savannah, Georgia. Prepared in conjunction with the neighborhood renewal study of Old Savannah, 1966.

The Urban Design Plan. Historic Hill, Newport, Rhode Island. Prepared for the Redevelopment Agency of the City of Newport by the Providence Partnership, Providence, R.I., and Russell Wright, A.I.P., 1971.

Maps of five old neighborhoods are available for public use. Please call the Historic Salem office and ask to see the EAST OF THE PALISADES INVENTORY.

The library at the ESSEX INSTITUTE houses a wealth of information about the history of Salem and its houses. Similarly, consult the main library for a reference copy of the REARDON REPORT, an architectural and historical building survey of Salem.


NORTH RIVER
NORTH RIVER
RIVER
SOUTH RIVER
MILL POND
SOUTHFIELDS
STAGE POINT
(LONG POINT)
(PALMER'S COVE)
SALEM HARBOR
SHALL
(COLL
NECK
Symonds Point
Mallet's Cove
Jeggles Island
Foot's Point
0
500
1000 Feet

PART OF SALEM IN 1700

From the Researches of Sidney Perley

Assembled by William W.K. Freeman

Copyright 1933 by James Duncan Phillips

Salem, Massachusetts

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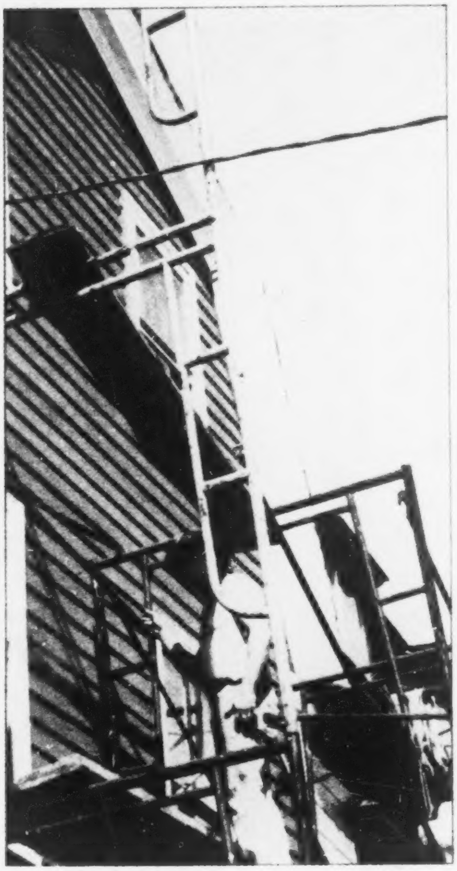

HOW TO GET THINGS DONE IN SALEM

How to Obtain a Building Permit 108

How to Obtain a Variance or Special Permit 109

How to Amend the Zoning Ordinance 111

Historic Districts in Salem 112

HOW TO OBTAIN A BUILDING PERMIT

WHEN A BUILDING PERMIT IS REQUIRED

Ordinary repairs to a structure such as painting and minor carpentry can be made without application or notice to the Building Inspector. However, if you are in doubt about a planned "cosmetic" change, consult the Building Inspector at One Salem Green. He can quickly tell you whether or not the proposed change requires a building permit. Do remember that shingling, roofing, and the installation of siding all require a building permit. Likewise, any partitioning or cutting away of walls and changes in the means of egress necessitate a building permit. Finally, if the proposed change entails extensive structural renovation, a registered architect or engineer could be required. This would be left to the discretion of the building inspector.

PROCEDURE

Once it is determined that a building permit is required, proceed with the following steps:

STEP 1: Pick up an "Application for Permit for Alterations, Repairs, and Demolition" from the Building Inspector's office at One Salem Green. You can usually fill it out there. Although a licensed contractor may obtain the application and permit, ultimate responsibility for obtaining a permit rests with the owner of the property.

STEP 2: When you have completed the form, the Building Inspector will determine the plans necessary for submission. All plans (site and/or building) are requested in quadruplicate. This shows the Building Inspector how the proposed changes will affect the site, thereby alerting him to any potential zoning problem.

STEP 3: If the proposed renovation/alteration does not violate any zoning, building code, or historic district regulation, the Building Inspector grants a building permit. Although the Inspector frequently gives the building permit upon the receipt of the plan specifications, he must respond within 10 days.

STEP 4: The petitioner then pays a $5.00 application fee, and an additional $2.00 is paid for each $1000 estimated work to be done. The petitioner then proceeds to other departments to obtain any other necessary permits (electrical, plumbing, etc.). If an owner is qualified to undertake structural work, he may do so without a license. However, if someone is hired to assist him, that person must be licensed in Salem. This protects the property owner and the City of Salem from disreputable contractors and poor workmanship.

STEP 5: If the building permit is denied due to zoning violations, the applicant can petition the Board of Appeals for a variance or special permit. If the building permit is denied because code regulations are not met, the applicant can appeal to the State Building Code Commission. Or the applicant can simply re-work the proposed plan until the changes comply with the zoning or State Building Code regulations and a building permit from the Salem Building Inspector can be granted.

Note

- If alterations and/or repairs made within a 12-month period cost in excess of 50% of the building's physical value (based on the assessed value*) *or* if damage by fire and/or other cause costs in excess of 50% of the physical value of the building before the damage was incurred, then the repaired and/or renovated building must conform to the full requirements of the State Building Code.

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*Section 106.5 of the State Building Code does provide that "current replacement cost less physical deterioration" may be substituted for assessed value provided satisfactory evidence is furnished. This should be done by a qualified independent appraiser.

HOW TO OBTAIN A VARIANCE OR SPECIAL PERMIT

WHEN EACH IS REQUIRED

Appointed by the Mayor and subject to City Council confirmation, the Board of Appeals in Salem consists of five members and two alternates. It is the responsibility of the Board to review all requests for variances or special permits. Because the zoning ordinance is designed to reflect long-range land use goals for the community, the granting of special permits and variances should be the exception rather than the rule. Variances, in particular, will be given only if unique conditions warrant it. Thus when a property owner proposes changes to his property (land, building, or structures) which do not conform to the zoning ordinance requirements, he must appear before the Board of Appeals at a public hearing. Then on the basis of hardship and/or the intent of the law, the Board has the sole authority to grant or deny the petitioner's request.

How does one know if one needs a variance or special permit?
Before you proceed with any plans for the property, you should consult the applicable sections of the Salem Zoning Ordinance. Copies are available at the office of the Building Inspector, One Salem Green, for your purchase and/or use. Depending upon the specific circumstances, changes in the use of a structure or the land itself may require a variance or special permit.

When is a special permit granted?
Special permits may be issued *only* for uses in harmony with the general purpose and intent of the zoning ordinance. Before the special permit is granted, conditions, safeguards and limitations on time or use may be imposed which further restrict the applicability of the permit.

When is a variance granted?
The conditions required for the granting of a variance are far more restrictive than those of a special permit. A property owner must show substantial hardship, financial or otherwise, which directly affects his or her property. The property owner must show that a unique hardship runs with the property (land, building, or other structure) owing to circumstances which influence his parcel *specifically* but do not impinge upon the zoning district as a whole. The property owner must also show that a variance can be granted without substantial detriment to the public good or substantial degradation to the purpose of the zoning ordinance. Just as the conditions, safeguards, and limitations of time and use may accompany the granting of a special permit, similar restrictions may accompany a variance. However, unlike the special permit, limitations based on the continued property ownership cannot be attached to a variance.

PROCEDURE

Once it is determined that a special permit or variance will be required, follow the steps outlined below:

STEP 1: *Special permit*
An application can be obtained from the Building Inspector's office at One Salem Green. This application will then be filed with the Board of Appeals.

Variance
First, you must apply to the Building Inspector for a building/occupancy permit. Because of the zoning violation, it will be denied. From this denial, you can then appeal to the Board of Appeals for a variance via an application from the Building Inspector's office. This appeal application must be filed within 30 days of the denial decision by the building inspector.

STEP 2: Prepare the official forms in triplicate along with two copies of a certified site plan. Generally a site plan must accompany a request for a special permit or variance, though in the former instance it might not be required if only minor changes are sought. All applications shall be accompanied by a check payable to the local newspaper to cover advertising fees.

STEP 3: Notice of the variance or special permit request must be given in the newspaper once in each of two successive weeks. The first notice and publication will be posted in City Hall and published in the local newspaper no less than 14 days prior to the Board of Appeals public hearing. Furthermore, notice by mail shall be sent to the petitioner, to all property owners within 300 feet of the petitioner's property, to the Planning Board, and to the planning boards of adjacent cities and towns. The notification of all affected abutters will be undertaken by the Board of Appeals. However, in the near future the petitioner may be required to bear the cost of notification.

STEP 4: Within 65 days after the filing of a special permit or variance application, the Board of Appeals must hold a public hearing. A copy of the rules of the Board of Appeals outlining the procedure of the conduct of this hearing is on file in the City Clerk's office. Generally the application is processed and placed upon the Board of Appeal's agenda within a month's time. However, circumstances could necessitate a lengthier consideration; consequently 65 days is allocated for advisement by the Board of Appeals if circumstances warrant it. Between the filing of the special permit or variance request and the public hearing the Board may seek recommendations from other Boards and agencies, such as the Planning Board, the Board of Health, or the Conservation Commission. Any recommendations must be made within 35 days from receipt of the petitioner's request. Otherwise it is assumed there is no opposition.

STEP 5: The granting of a variance or special permit will require the affirmative vote of at least four members of a five-member board and a unanimous vote if only four members are in attendance. A decision must be made regarding a special permit within 90 days of the public hearing. Failure to take final action to reach a final decision means the automatic granting of the petitioner's request for a special permit. Regarding a variance, a decision must be made within 75 days after the filing date of the petitioner's appeal. Failure to do so is deemed a granting of the variance, subject to possible judicial appeal. Usually the Board of Appeals rules on the petitioner's request the evening of the public hearing after all petitioners have been heard. Occasionally a petition will be taken under consideration, allowing Board members additional time to consider the request. Notice of the decision will be mailed to the petitioner, and to all property owners within 300 feet of the petitioner's property. Other interested parties may request that the secretary also notify them.

STEP 6: Within 14 days of its decision on said variance or special permit, the Secretary must file it with the City Clerk's office. After the decision has been filed by the Secretary, an interested party may contest the decision. To do so, the party must register this appeal within 20 days of the Secretary's filing at the Essex County Superior Court.

REAPPLICATION

No petition which has been unfavorably acted upon by the Board of Appeals can be reconsidered within two years unless the following conditions are met. First, the petitioner must request permission from the Planning Board and show new evidence substantially altering the grounds of the petition. At least eight members of the Planning Board must agree new evidence has been provided. Second, four of the five Board of Appeals members must also agree that there has been a change in circumstances if it is to act upon said petition within two years.

HOW TO AMEND THE ZONING ORDINANCE

The Salem Zoning Ordinance may be changed by amendment, addition or appeal by the following procedures, as documented in Chapter 808 of the Massachusetts General Laws.

STEP 1: A zoning change may be initiated by any of the following: the City Council; the Board of Appeals; an individual owning land to be affected by the change; ten registered voters of Salem; the Planning Board; or the regional planning agency.

STEP 2: The request for a zoning change is initially submitted to the City Council. Within 14 days of the receipt of this request by the Council, the amendment proposal must be submitted to the Planning Board for a hearing.

STEP 3: Within 65 days after the zoning request is submitted to the Planning Board, a public hearing will be held to give interested parties an opportunity to be heard. The City Council must also hold a hearing on the proposed zoning, which may/may not be held jointly with the Planning Board. If the hearing is to be held at a separate time, then the notice requirements set out below must be followed. It is the responsibility of the City of Salem to publicize adequately the hearing in keeping with the procedures established in the state enabling act. Notice of the public hearing (time, place, subject matter) shall be published in the local newspaper once in each of two successive weeks, the first publication not less than fourteen days before the hearing. Notice will also be given by mail to all planning boards of abutting towns and the regional planning commission. All expenses incurred during the serving of the public hearing notice shall be borne by the City of Salem.

STEP 4: Within 21 days after the public hearing, the Planning Board has the option of submitting a report with recommendations on the proposed zoning change. Upon receipt of the report and/or lapse of the 21 days, the City Council can adopt, reject, or amend the proposed zoning change. The City Council must take action within 90 days of their public hearing. If final action is not taken within 90 days of this Council hearing, then a new hearing must be held according to the above procedure.

STEP 5: If the City Council favors the proposed zoning amendment, a two-thirds passage by all Council members is required before it becomes law. If a written protest against the proposed zoning change is filed with the City Clerk prior to final action by the City Council, the change in the zoning ordinance shall require a three-fourths passage by all Council members. This written protest must state the reasons for opposition and be signed by owners of: (1) at least 20% of the land to be included in the proposed zoning change; or (2) at least 20% of the land which falls within 300 feet of the proposed zoning change. The date of Council approval stands as the effective date for the adoption of the zoning change.

STEP 6: If the City Council rejects the proposed amendment, it cannot be reintroduced for two years after the denial—unless the Planning Board recommends the adoption of said change in its final report.

HISTORIC DISTRICTS IN SALEM

DIFFERENCES BETWEEN A NATIONAL REGISTER HISTORIC DISTRICT OR PROPERTY AND A LOCAL HISTORIC DISTRICT

A National Register historic district or National Register individual property may be recommended by the Salem Historical Commission. Generally, the local historical commission evaluates Salem's historic and/or architectural assets and establishes priorities for National Register nominations. However, the nomination and ultimate approval rest upon action taken by the Massachusetts Historical Commission and the National Park Service. Following review by the Massachusetts Historical Commission, properties are nominated to the National Register by the State Historic Preservation Officer. Although a property owner is notified of this nomination, consent of residents or the local governing body is not required as it is in a local historic district.

There are two advantages to National Register listing. First, National Register properties are afforded protection from encroachment by any projects receiving federal government monies. Second, National Register properties are eligible for National Park Service matching grants-in-aid assistance.

A local historic district is proposed by the Salem Historical Commission whose members are appointed by the Mayor and approved by the City Council. The establishment of a local historic district must be made by the Council with the creation of an ordinance. Once enacted, the Salem Historical Commission is responsible for the carrying out of the law as outlined in Chapter 40C of the Massachusetts General Laws.

PROCEDURE FOR ESTABLISHING A LOCAL HISTORIC DISTRICT

A useful technique of preservation planning entails the establishment of local historic districts in areas of architectural and/or historic distinction. The Salem Historical Commission has the responsibility of conducting the survey, delineating boundaries, and preparing a preliminary historic district report. This report is reviewed by the Planning Board and the Massachusetts Historical Commission. Approximately 60 days after the proposal has been sent to the Massachusetts Historical Commission, a public hearing is held to acquaint property owners with the intent of historic districting and with the responsibilities of the Historical Commission. If a majority of the residents approves the proposed district, the proposal goes before the City Council. Upon approval by two-thirds of the Councillors, the historic district is created. The Salem Historical Commission is given the authority to review all proposed changes in the exterior appearance of properties within the district. This review procedure insures the compatibility of new construction and/or alterations with the existing character of the historic district.

RESPONSIBILITIES OF THE SALEM HISTORICAL COMMISSION

Within a local historic district the Salem Historical Commission has jurisdiction over the exterior changes of a building. Specifically, no building or structure, including stone walls, fencing, steps, permanent signs, and other appurtenant (meaning subordinate or adjunct) fixtures visible from a public street or way, can be erected, altered, reconstructed, moved, restored, or demolished without approval by the Salem Historical Commission. Walks, driveways, or other similar structures at grade level are not subject to review. Likewise, storm doors, windows, screens, window air conditioners, antennae, and similar items are not subject to the Commission's scrutiny. Although the Commission has control over reconstruction, in those cases where buildings are destroyed by fire or other disaster, reconstruction within a year can take place without review. The Commission has control over construction and demolition in the historic district unless the building inspector determines the public safety is in jeopardy due to an unsafe or dangerous condition. The Commission does *not* have control of the ordinary maintenance and repair of any exterior architectural features. However, if such maintenance or repair leads to changes in the design, the materials, or the outward appearance of the building, then review by the Salem Historical Commission is required.

PROCEDURE

If a property owner of a historic district plans to make exterior changes, these steps should be followed.

STEP 1: The property owner must apply for a Certificate of Appropriateness. Copies of all forms, general information on historic districts, the names of the Commission district representatives, and maps outlining the geographic boundaries are on file at the office of the Building Inspector. One can also obtain the necessary forms from the main public library or by writing the Salem Historical Commission, c/o City Hall, Salem, MA 01970.

STEP 2: Within 7 days after the resident files for a Certificate of Appropriateness, the Commission will notify all abutters and other properties materially affected by the proposed changes. Abutters and "materially affected" are interpreted by the Commission as including: (1) those adjacent to the property; (2) those directly across the street; and (3) those properties abutting the applicant's land were property lines extended to the center of the street.

Note: If the proposed change is viewed as undesirable by the abutters, the Commission will hold a public hearing within 30 to 60 days after the filing of the Certificate of Appropriateness to look over any detailed plans and specifications. However, if the proposed change is not contested by abutters, the Commission exercises its right to waive public hearing.

STEP 3: At the Commission's next regular meeting, the request for a Certificate of Appropriateness is considered. It is the Commission's responsibility to determine whether the proposed construction, alteration, or demolition is in keeping with the general character of the historic district.

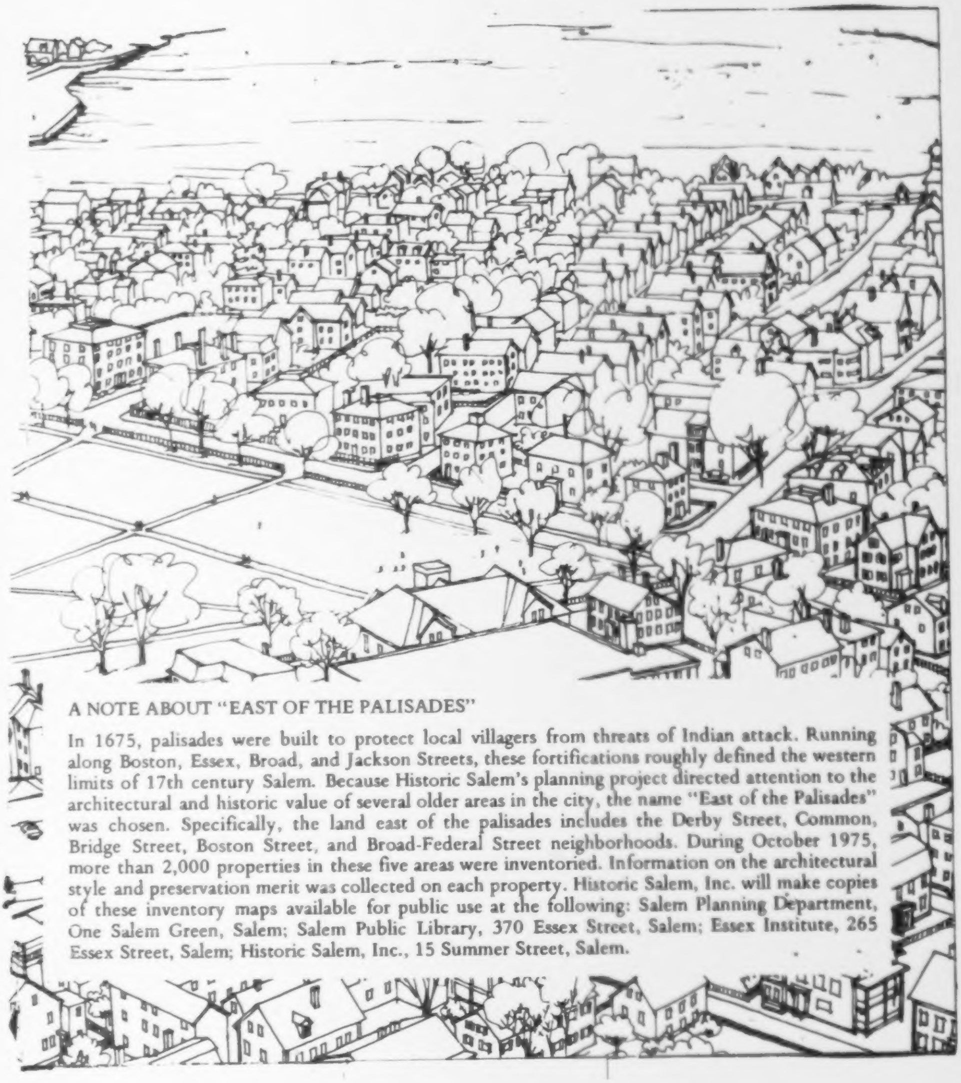
STEP 4: If the Commission is in agreement with the application, it will notify all abutters and "materially affected" property owners. If no one contests the waiver within 10 days, the Commission can issue the Certificate of Appropriateness.

Note: To accelerate the process, the applicant may obtain the approval of all abutters and those "materially affected" before the Historical Commission meeting. This is done by getting each person's signature on a "waiver of public hearing" form. As a result, the 10-day waiting period is avoided and the Certificate of Appropriateness can be issued at the meeting, provided no reservations exist among Commission members.

STEP 5: If the Certificate of Appropriateness is approved, the property can proceed with the proposed construction, alteration, or demolition, assuming the necessary permits are granted by the other city departments.

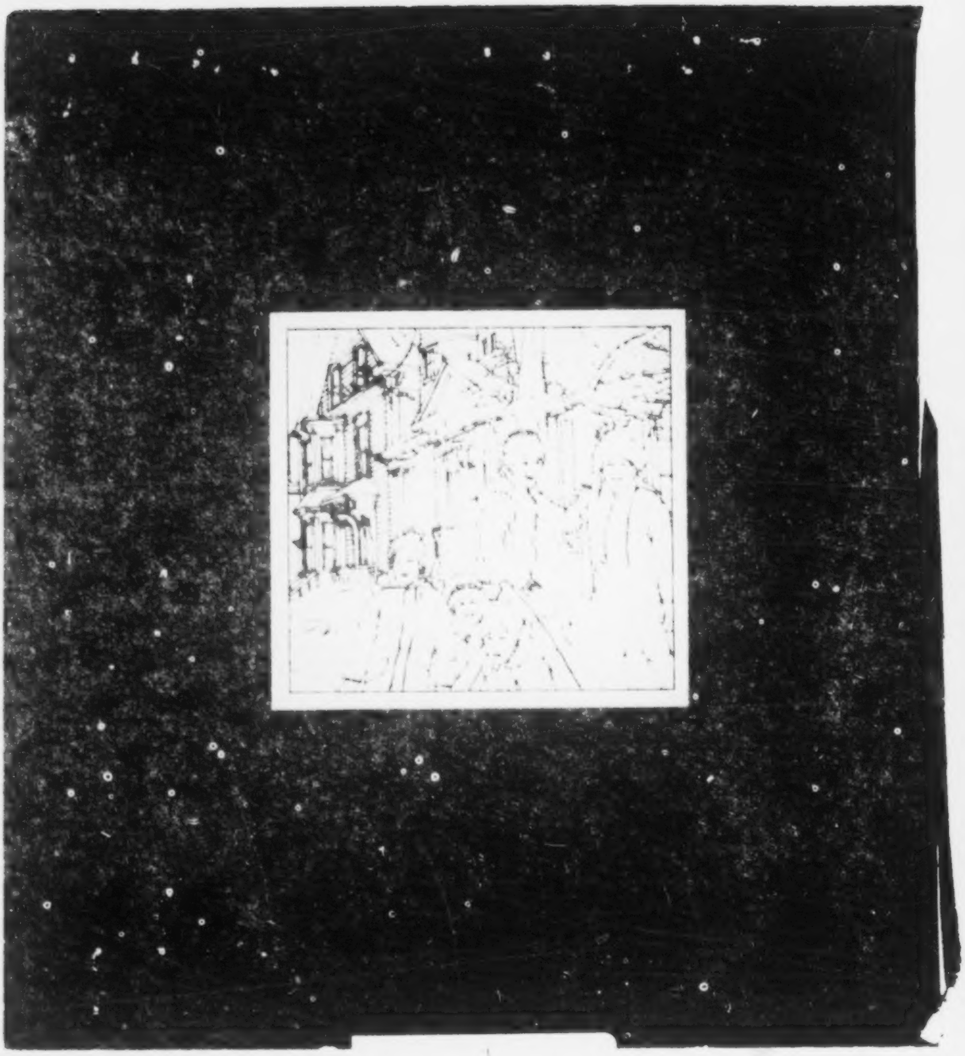
STEP 6: If the Certificate of Appropriateness is denied, the Commission must state the reasons for denial. Within 120 days after such decision, an aggrieved property owner may appeal the decision to the Superior Court of Essex County.

Notes



A NOTE ABOUT "EAST OF THE PALISADES"

In 1675, palisades were built to protect local villagers from threats of Indian attack. Running along Boston, Essex, Broad, and Jackson Streets, these fortifications roughly defined the western limits of 17th century Salem. Because Historic Salem's planning project directed attention to the architectural and historic value of several older areas in the city, the name "East of the Palisades" was chosen. Specifically, the land east of the palisades includes the Derby Street, Common, Bridge Street, Boston Street, and Broad-Federal Street neighborhoods. During October 1975, more than 2,000 properties in these five areas were inventoried. Information on the architectural style and preservation merit was collected on each property. Historic Salem, Inc. will make copies of these inventory maps available for public use at the following: Salem Planning Department, One Salem Green, Salem; Salem Public Library, 370 Essex Street, Salem; Essex Institute, 265 Essex Street, Salem; Historic Salem, Inc., 15 Summer Street, Salem.



Exhibit

The National Park Service
U.S. Department of the Interior

presents

Tourism and Parks

NATIONAL
PARK
SERVICE
Department
of the Interior

Biloxi, Mississippi
March 9-11, 1988

A Note Of Thanks

The National Park Service is grateful to the many organizations and individuals who have helped to make this conference possible.

The Recreation Vehicle Industry Association of Reston, Virginia provided the seed money that was used to cover planning and promotional expenses for the conference.

The Mississippi Gulf Coast Convention & Visitors Bureau has made every effort to assure the success of the conference. We are indebted to the business people of the Gulfport/Biloxi area for their strong support. We are especially grateful to Karl Lion, Tourism Director of the local Convention & Visitors Bureau for his energetic, thoughtful help.

The staff of the Royal D'Iberville Hotel have been pleasant and cooperative throughout. Paula April, Sales Manager for the Royal D'Iberville has been our efficient, understanding liaison at the hotel for many months.

The National Park Foundation of Washington, D.C. has handled receipts and disbursements for the conference.

The staff of the Gulf Islands National Seashore, Mississippi Unit have worked tirelessly to make this event a success. We are especially thankful for the support we have had from Superintendent Jerry Eubanks and for the day-to-day coordination that Sue Skinner provided.

The Park Service's Southeast Regional Office have been very helpful, as well. Regional Director Bob Baker and Public Information Officer Jim Howard have helped with a variety of projects related to the conference.

The Superintendent and Assistant Superintendent of the Jean Lafitte National Historical Park in New Orleans made arrangements for the lectures and tours for the New Orleans field trip following the formal conference sessions.

And, last but not least, the organizations that have sponsored meals, receptions, transportation, entertainment and other features of the conference have made this event not only enjoyable but also financially sound. Our sponsors are listed on a separate page of this program.

Conference Sponsors

The National Park Service is grateful to the following organizations for their sponsorship of specific events during the conference:

- The Recreation Vehicle Industry Association provided the grant that was used to plan and promote the conference.
- The Mississippi Gulf Coast Convention & Visitors Bureau sponsored the opening cruise, reception and dinner.
- The State of Mississippi, Department of Economic Development, sponsored our coffee breaks.
- KOA (Kampgrounds of America) sponsored the opening breakfast event.
- TW Recreational Services, Inc. sponsored the keynote address luncheon on Thursday at which entertainment was provided as a contribution to the conference by Southern Exposure of the University of Southern Mississippi.

Organizations that participated in the Industry Reception as exhibitors and sponsors included:

- The Travel Industry Association of America,
- K.C. Publications,
- TW Recreational Services,
- The Recreation Vehicle Industry Association,
- The Polaroid Corporation, and
- American Youth Hostels, Inc.

Breakfast on Friday was provided by the Eastern National Park & Monument Association. The Association also provided a registration area display for the duration of the conference.

Our final luncheon was sponsored by AT&T.

William Penn Mott, Jr.
Director
National Park Service

Schedule of Events

March 9, 1988 (Wednesday)

Noon **Registration Desk Opens**
Hotel D'Iberville - second floor foyer

2:30 P.M. **Refreshments** - second floor foyer

3:00 P.M. **Introduction to conference**
West Ballroom - second floor

Robert M. Baker, Regional Director,
National Park Service
(Southeast Region)

3:30 P.M. **Opening Remarks**
William Penn Mott, Jr.,
Director, National Park Service

Reaching Shared Goals,
Remarks by **Paul C. Pritchard,**
President, National Parks and
Conservation Association

Followed by a **Panel Discussion** on the subject of: **Tourism As A Resource Management Tool** to include representatives of the **American Society of Landscape Architects, The American Society of Planning Officers,** and:

Dr. Clare A. Gunn, Professor Emeritus of Tourism, Texas A & M University

Sally G. Oldham, Vice President, Programs and Services, National Trust for Historic Preservation

Duncan Rollo, Chief of Visitor Services, Florissant Fossil Beds National Monument

Robert M. Baker

Paul C. Pritchard

5:30 P.M. Bus transportation leaves main entrance of hotel for **Dinner Cruise** among islands of the Gulf Islands National Seashore

(Dress casual. Jackets may be needed.)

This evening has been planned and sponsored by the Mississippi Gulf Coast Convention & Visitors Bureau, with support from local businesses.

David J. Humphreys

10:30 P.M. Conference participants return to hotel.

March 10, 1988 (Thursday)

Note: All meals will be served in the Crystal Ballroom, 9th floor. All other business sessions will be held in the West Ballroom, 2nd floor. Business attire is appropriate.

8:00 A.M. **Plenary Session Breakfast. Scenic Byways: An Important New Marketing Tool,** Remarks by **David J. Humphreys,** President, Recreation Vehicle Industry Association, Reston, Virginia

Sponsored by Kampgrounds of America (KOA)

Dr. John Hunt

9:15 A.M. **Marketing Seminar** presented by **Dr. John Hunt,** Distinguished Professor of Travel and Tourism, University of Massachusetts

10:30 - 10:45 A.M. **Coffee break**

12:15 P.M. Luncheon with **Conference Keynote Address** by **William D. Toohey,** President, Travel Industry Association of America

William D. Toohey

Entertainment by Southern Exposure, University of Southern Mississippi, Hattiesburg, MS

Luncheon sponsored by TW Recreational Services, Inc.

2:30 P.M. **How To Work With Travel Trade And Consumer Press** - a panel with:

Barbara F. Humeston

Len Barnes, President, Society of American Travel Writers and Editor, *Michigan Living* Magazine, Moderator

Ted Ryan, Travel Editor, WHIO and WHIO-TV, Dayton, Ohio

Barbara F. Humeston, Managing Editor, *Midwest Living* Magazine, Des Moines, Iowa

3:45 P.M. **Coffee break**

4:00 P.M. **What Visitors Think: Tourism Data For Management.** Remarks by **Dr. Gary Machlis,** University of Idaho.

6:00 P.M. **Industry Reception:** Representatives of Travel Industry Organizations will provide information to conference participants. Buffet supper. Cash bar.

Corporate participants will include:

• T.W. Recreational Services, Inc. •
• The Polaroid Corporation •
• Travel Industry Association of America •
• K.C. Publications, Inc. •
• Recreation Vehicle Industry Association •
• American Youth Hostels, Inc. •

March 11, 1988 (Friday)

8:00 A.M. **Plenary Session breakfast.** Speaker: **Sandy M. Guettler**, President, Visibility, Inc., Chicago, Illinois **"Is The Impression You're Making The One You Want To Give?"** ...a look at service to guarantee success

Sponsored by the Eastern National Park & Monument Association, Philadelphia, PA

9:30 A.M. **Human Resources: Opportunities And Challenges:** a workshop on the outlook for careers related to travel and tourism.

Hon. Roger J. Whyte, Former Deputy Under Secretary of the U.S. Commerce Department (Travel and Tourism) and presently Director of Hospitality Practice, Kors Marlar Savage & Associates, an executive search firm

Pete Anderson

Chris Bigelow, Vice President, Sales and Marketing, TW Recreational Services, Inc., Chicago, Illinois

10:45 A.M. **Coffee break**

11:00 A.M. **How And Why To Work With The Group Travel Network:** a panel developed for this conference by the National Tour Association, Lexington, Kentucky

Pete Anderson, President, National Tour Association and Vice President, Maupintour, Inc. of Lawrence, Kansas, Moderator

Earl Harmon, Harmon Travel, Boise, Idaho

Michael Valentino, Hotelier, New Orleans Louisiana

Steve Moore, Greater Houston Convention & Visitor Bureau, Houston, Texas

12:45 P.M. **Luncheon and Plenary Session Address: Beyond The Boundaries** by **Jerry Rogers**, Associate Director of the National Park Service (Cultural Resources)

Remarks by **Jim Prosser**, National Marketing Manager, AT &T

Luncheon sponsored by AT &T

2:00 P.M. **Developing Cooperative Projects**: a panel moderated by **Superintendent Mac Berg**, Superintendent, Herbert Hoover National Historic Site, West Branch, Iowa and including

Maureen Johnson, Executive Director, The Salem Partnership, Salem, Massachusetts

Sheridan Steele, Superintendent, Fort Scott National Historic Site, Fort Scott, Kansas

Russell Berry, Superintendent, Voyageurs National Park, International Falls, Minnesota

John Lancaster, Superintendent, Glen Canyon National Recreation Area, Page, Arizona

4:00 P.M. Biloxi program ends

4:30 P.M. Buses depart for New Orleans

Conference Faculty*

Priscilla Baker
Tourism Director
National Park Service
Washington, D.C.

Sue Skinner
Gulf Islands National Seashore
Ocean Springs, Mississippi

Jim Howard
Public Information Officer
Southeast Region
National Park Service
Atlanta, Georgia

Ron Switzer
Assistant Superintendent
Jean Lafitte National Historical Park
New Orleans, Louisiana

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*The National Park Service People
Who Planned and Managed the Conference

Notes

TOURISM
WORK$
FOR AMERICA

Harbor Sweets

Testimony from Benneville N. Strohecker
March 21, 1988 to the United States House of Representatives
Committee on Small Business; Subcommittee on Exports, Tourism
and Special Problems.

I'd like to give you a brief background on our company, how the Salem experience has affected us, how we have contributed to the experience, and how we will continue to contribute.

I am Ben Strohecker, owner and founder of Harbor Sweets Inc. at 85 Leavitt Street here in Salem.

Harbor Sweets started fifteen years ago in my kitchen as a hobby to make the best piece of candy in the world regardless of cost.

The inspiration for the resulting chocolate came from the consultants hired by the Schrafft Candy Company in Boston where I was Director of Marketing. I asked these experts the question "If you could eat but one more piece of candy before you died, what would it be?" I recorded their responses, and built Harbor Sweets on their most frequent answers, starting with a home-made chocolate covered almond butter crunch, (using a pound of fresh butter to a pound of honey and sugar, toasted almonds on the inside and dusted with crushed pecans - all in the shape of a sailboat). This became the "Sweet Sloop" our most popular creation.

Box 150, Marblehead, Massachusetts 01945. 617-745-7648

The presentation of Harbor Sweets is nautically oriented, which seems to have as much appeal in Chairman Skeltons' State of Missouri, as it does in Salem.

We understand that we market the most expensive chocolates in the United States; we didn't mean for that to happen but apparently that's often one of the penalties one pays for a committment to offering the best. (We are not aware of any price resistance).

Our distribution is National through mail order, quality gift shops, hotels and restaurants, and through the custom chocolates we've created for institutions and businesses including the Smithsonian, Metropolitan Opera, various symphony orchestras, and some of the national tourist attractions, such as the Minuteman National Historic Park, Mount Vernon and Colonial Williamsburg... plus of course the local creations - the new Peabody Museum "Friendship" clipper carrying a cargo of rare ginger, the House of the Seven Gables, and the ever present Salem Witch, for the Witch Museum.

(Pass tray of samples to the committee)

This Salem Christmas calendar is an example of tying in Salem with our products.

(Pass Salem Calendar).

Our move from my basement to Salem ten years ago, symbolizes, perhaps, the Spirit of Salem.

The area where we were offered space; an old warehouse, prompted our landlord to suggest that we reinforce the bars and board up the remaining windows, because we were in a "bad Hispanic neighborhood".

We did the opposite.

We removed the bars and the boards, put glass in the windows, and, in effect said to our neighbors, "We trust you, we hope you will trust us too". We have never had an unpleasant incident, and many of our neighbors are now key employees or supervisors.

We now have 150 employees at our peak season, employees who represent a marvelous mix, best put by Ruth Mehrtens Galvin in her flattering article in Smithsonian Magazine.

> "I drove out to my favorite local chocolate supplier, a pristine little red - and - white converted factory known as Harbor Sweets, down by the Salem water front. There, woman of all ages, education and background - The Mayor's wife and the fire chiefs; college graduates and the retarded, members of the Eastern Yacht club, Finns, Dominicans and Vietnamese - work four-hour shifts under the motto, "love is a quality controller."

We have no time clocks for employees, who do pretty much what they most enjoy doing. We have no credit checks for customers, and we are proving that trust is a powerful business tool.

A major article in Gourmet Magazine by Irene Cobally Kuhn (April 1983 attached) summarized our strategy:

> "Harbor Sweets, by its very idiosyncracies, seems to attract able, energetic, unusually intelligent, individuals who take as much pleasure in the companys triumphs as does the owner himself".

Our sales now exceed two million dollars; we are relativly debt free; and we continue to grow at an annual rate exceeding 20%.

We are apparently newsworthy. In addition to the articles I referred to in Smithsonian and Gourmet, we have been visited by several televison crews including NBC, The Today Show, and Evening Magazine.

Our greatest and most profitable sales growth comes from our shop here in Salem. Where sales this year will gross about $200,000.

An analysis of whats happening in that shop might help us to understand the power of Salem to tourists.

Bearing in mind that we are so far off the tourist track that we are very difficult to find, and bearing in mind that most chocolate makers write off the summer months as being too hot for their fragile product, lay off their employees and close shop; you will marvel with me in hearing that in the 3 summer months of 1986 and 1987 our shop sales increased 121%.

How did that happen?

The majority of our customers were tourists on vacation. Although they flattered us by saying we were on their itinerary (no doubt responding in part to the 1/2 million maps indicating the way to Salem included in our mailings and boxes of chocolate) (catalogue and box insert attached); they made it clear they were not going to leave Salem before they saw the House of Seven Gables, the Museums, and the Custom House.

This has allowed us to employ crews all summer long, help even out our cash flow and minimize our fall start up loans.

Valiant,though small, efforts on the part of the city, the Chamber of Commerce, as well as all of us individually have helped but the prospect of a united effort through the "Partners in Progress" coalition, adequately funded, suggests an overwhelming success for tourism in the area.

That success will be further assured as a result of a new dynamic which I am seeing now for the first time. That dynamic is represented by an entirely new way of thinking.

Instead of each of us operating as separate entities, each lifting up the unusually rich cultural resources of Salem in our own style, we are now, in addition, developing that phenomenan which occurs when a combined force exceeds the sum of its individual forces.

I hear participants reaching out, not just to local tourists but to world tourists; and I hear us reaching out to each other in a common effort.

This single phenomenon, Mr. Chairman, will assure the proper return on Federally funded investments on behalf of tourism in the area, particularly as they involve the "Partners in Progress" organization under the leadership of Maureen Johnson.

A final point - perhaps an offer.

In 1989, I am taking a year's sabbatical from our company.

The purpose is, two fold: to prove that Harbor Sweets is not a one man show and to devote a year to public service.

I suspect many people think of doing this sometime before they die, but too often we die before it comes about - I hope to avoid that.

I'm pursuing a number of specific projects (in addition to a few projects which are pursuing me).

If this effort we're speaking of today becomes reality, I will offer a large block of my time to help support that effort.

Thank you for giving me and Harbor Sweets this opportunity to testify.

Chocolate maker builds a staff on trust.

By ANNE DRISCOLL

Special to The New York Times

SALEM, Mass., March 18 — Ben Strohecker is a chocolate maker with unconventional ideas about running a business.

When he began making chocolates in the basement of his home 15 years ago, he hired friends to help him as part-timers. He soon discovered that people preferred setting their own hours, and he made flexible work schedules a practice, one that continued when he moved his business, Harbor Sweets, into a former warehouse in this old industrial city 15 miles north of Boston. He says his business has benefited not only from the flexible work hours but also from hiring elderly, handicapped or non-English-speaking people.

Winning Accolades

Today, Harbor Sweets is a $2-million-a-year business, and Mr. Strohecker is winning accolades for his management style, not to mention his chocolates.

"Anybody that is able to help people be employed rather than not working is a plus to any community, not just the business community," said Joan Gormalley, executive director of the Salem Chamber of Commerce. "But in addition, by giving them an opportunity to be flexible and work around their priorities, whether those priorities be children or older people at home, it gives every person a sense of dignity and self-worth, which is something you can't put a price on."

The aroma of sweet dark chocolate wafts through the air in the Hispanic neighborhood of tenements and three-family apartment buildings on the Salem waterfront. Inside the old brick warehouse that houses Harbor Sweets, a woman with a red cap and striped apron greets visitors, offering them chocolates on a silver platter. Seated on high stools at a long table talking and wrapping chocolates in gold foil are a dozen employees — Spanish-speaking mothers, high school boys, several Southeast Asian women and several white-haired women.

Of the 150 Harbor Sweets employees, more than half are disabled, elderly, students, mothers or those who speak English as a second language. Nearly every employee works part time, choosing his own duties and 20-hour schedule; all employees are encouraged to offer suggestions for improving operations, and everyone can eat as many chocolates as he wants.

Part-time workers start at $5 an hour and earn benefits, including paid vacation and a chance to buy to group health and disability insurance, according to the hours they work.

Making Friends and Money

"We have hired people who have been disabled without really knowing how they were going to be productive," said the 60-year-old Mr. Strohecker. "And there's always been some miracle that's happened so they've found ways to contribute. We count on that."

Delores Chalifour says she felt isolated caring for her quadriplegic husband. Through her work wrapping candies in the early evenings, she has made friends with co-workers of all ages and ethnic backgrounds, and earned a salary, as well. "It's marvelous," she said. "They let me put in the hours I want and if he's sick, I can go home to him without losing my job."

Mr. Strohecker said his business style had been influenced in part by his wife, Dr. Martha Dunn-Strohecker, who works with the disabled for the State of Massachusetts. He also points to his religious beliefs. He and his wife are active of the Episcopal Church.

"I think this business is a bunch of miracles," he said. "I'm convinced that this whole thing is what God had in mind for us to do. And as long as we keep in mind that that is our reason for being, as opposed to making a lot of money, hiring faster people or bigger machines, I think we'll continue to have miracles."

Penchant for Nautical Themes

Mr. Strohecker considers one of those miracles to be the creation of his first and now most popular chocolate, Sweet Sloops — many of his creations have nautical themes. While a marketing director at Schraffts, he often asked experts what candy each would eat if it were his last, and the most frequent response was chocolate-covered pecan almond butter crunch. Searching for something different, Mr. Strohecker decided on triangular pieces of butter crunch dipped in dark chocolate. One day, when he had run out of dark chocolate, he dipped a piece in white chocolate.

"My son said, 'Look's like a sailboat, Dad.' And my wife said, 'A sweet sloop,' " recalled Mr. Strohecker.

He says the inspiration for his latest creation, an Easter bunny with an assorted nut and candy center, was equally serendipitous. He says his grandfather, Robert L. Strohecker, earned the title Father of the Easter Bunny Business because of his promotions of chocolate rabbits, including a 5-foot chocolate rabbit sculpture created in 1890. Although a photograph of the elder Strohecker and his sculpture had been hanging for years at Harbor Sweets, it was not until a colleague noticed the photograph elsewhere that the idea for what became the Rouert L. Strohecker Assorted Rabbit was born.

Mr. Strohecker is often called upon to speak to business organizations, community service agencies and church groups about his managerial approach. A group from the Harvard Business School recently spent a day watching his operation. The visitors later sent a letter applauding his managerial style.

Mr. Strohecker holds four or five meetings with employees each year to discuss company business. After the workers learned of disappointing losses at one of these meeting, they insisted on cutting yearly bonuses and a planned wage increase. The next year, the company sales soared and the profits were split evenly between the workers and the company.

"No one here, including myself, had ever made a piece of candy in their lives and I am the only one of 150 employees that ever had any business experience," said Mr. Strohecker. "Through total trust, choosing to allow people to stretch to their potential, and by letting them know it's O.K. to make a mistake, you get unbelievable results."

The New York Times/[illegible]

Ben Strohecker, founder of Harbor Sweets, in the wrapping room of the chocolate factory in Salem, Mass.

CONGRESSMAN SKELTON, CONGRESSMAN MAVROULOS, ____________________
__________________, __________________________,
DISTINGUISHED GUESTS, LADIES AND GENTLEMEN:

IT GOES WITHOUT SAYING THAT TOURISM IS VITALLY IMPORTANT TO OUR AREA, OUR COUNTRY AND MY COMPANY.

OUR COUNTRY AND STATE, AS WELL AS OUR NATION, HAVE ALL DONE A GOOD JOB IN PROMOTION OF TOURISM BUT THERE IS MUCH TO BE DONE.

WE HAVE WORKED WITH MANY ORGANIZATIONS OVER THE PAST DECADES TO PROMOTE OUR COMPANY WORLDWIDE AND TODAY ENJOY AN UNBLEMISHED REPUTATION FOR PROFESSIONAL SERVICE TO THE PUBLIC, A REPUTATION OF WHICH WE ARE JUSTLY PROUD. HOWEVER, I WISH TO DEPART FROM THE NORMAL FORMAT AND MAKE A FACT FILLED STATEMENT THAT I HOPE YOU CONSIDER WHEN YOU RETURN TO YOUR WASHINGTON OFFICES.

OUR REGION OF THE UNITED STATES IS THE BIRTHPLACE OF AMERICA.

WE ARE BLESSED IN NEW ENGLAND WITH MORE HISTORICALLY IMPORTANT PLACES PER SQUARE MILE, THAN ANY OTHER REGION OF OUR COUNTRY. THERE IS SOMETHING HERE FOR EVERYONE. NO PLACE IN AMERICA CONTAINS SO MANY HISTORIC SITES THAT DATE BACK TO OVER 350 YEARS. THE OLDEST HOMES, SCHOOLS, MUSEUMS AND INDUSTRIES ARE LOCATED HERE.

FROM OUR BREATHTAKING ROCKY COASTLINE TO OUR SNOW COVERED MOUNTAINS, OUR BEAUTIFUL FARM LANDS TO OUR UNIQUE FALL FOLIAGE, OUR BEAUTY IS ENJOYED BY MILLIONS EVERY YEAR.

OVER THE PAST DECADES EACH REGION PROMOTED THEIR AREA INDIVIDUALLY, ONE AGAINST THE OTHER, EACH CLAIMING TO BE A "DESTINATION". EACH DISCOVERING THAT THEY WERE

ONLY KIDDING THEMSELVES AND NEEDLESSLY SPENDING A LOT OF MONEY ~~TO~~ CAPTURE WHAT TURNED OUT TO BE ONLY A FEW PEOPLE.

IT WASN'T UNTIL THE EARLY 1970'S WITH THE ESTABLISHMENT OF ORGANIZATIONS SUCH AS THE THEN USTS, TIA, NTA AND ABA TO NAME ONLY A FEW THAT THE CONCEPT OF COOPERATIVE ADVERTIZING PROVED TO REACH MORE PEOPLE, WITH MORE PRODUCT, FOR LESS MONEY. MODERN DAY TOURISM WAS REALLY BORN.

AREAS OF THE PAST THAT ATTRACTED TENS OF THOUSANDS OF TOURISTS, GOT TOGETHER AND DEVELOPED PROMOTIONS THAT INCLUDED MUSEUMS, RESTAURANTS, HOTELS AND OTHER INTERESTING THINGS TO SEE AND DO. SPECIAL EVENTS WERE ADDED AND GAVE PEOPLE MORE REASON TO EXTEND THEIR STAY A FEW EXTRA DAYS. WHAT WAS THEN TENS OF THOUSANDS OF VISITORS NOW, BECAME

IN SOME CASES, MILLIONS OF VISITORS. DESTINATIONS WERE BORN. COUNTRIES COMPETED AGAINST COUNTRIES, STATES AGAINST STATES EACH OFFERING MORE INCENTIVES TO VISIT THEIR AREAS.

TOURISM REALLY WAS BORN AND BEGAN TO CATCH FIRE IN THE PAST FEW DECADES. COOPERATIVE ADVERTIZING HAS REALLY PROVEN TO BE A WINNER. JUST IN MASSACHUSETTS ALONE, OUR ADVERTIZING BUDGET FOR TOURISM HAS GROWN FROM A FEW HUNDRED THOUSAND DOLLARS, TO OVER 10 MILLION IN JUST THE PAST COUPLE OF YEARS AND, THERE IS NO REDUCTION IN SIGHT.

TOURISM PROMOTION RETURNS $19.00 FOR EVERY DOLLAR SPENT. WHERE ELSE DO YOU GET SUCH A RETURN ON INVESTMENT...? AND MAKE NO MISTAK ABOUT IT, TOURISM PROMOTIONAL

BUDGETS ARE AN INVESTMENT AND NOT AN EXPENSE!

WE ARE AT A CRITICAL TIME IN TOURISM AS I SPEAK. WITH THE TREMENDOUS TRADE DEFICITS OF RECENT YEARS AND A WEAKENING OF THE DOLLAR ...AMERICA HAS BECOME THE PLACE TO VISIT THROUGHOUT THE WORLD. EVERYTHING IS CHEAP IN AMERICA - THE YEN, MARK, FRANC AND POUND ALL BUY MORE HERE TODAY THAN THE DOLLAR DOES ABROAD. JAPAN CALLS THE U.S.A. A BARGAIN BASEMENT! IF WE AS A REGION, STATE AND COUNTRY PLAY OUR CARDS CORRECTLY AND JOINTLY PROMOTE AMERICA TODAY, WE HAVE A GREAT CHANCE TO IMPORT MORE TOURISTS THAN WE EXPORT. THIS HELPS THE TRADE DEFICIT WITH FOREIGN MONEY BEING SPENT ON OUR SHORES.

THE TRAVEL INDUSTRY HAS COME

FROM OBLIVION IN THE LAST 30 YEARS AND, WITHIN THE NEXT 10 YEARS IT IS SAID, WILL BECOME THE WORLD'S #1 BUSINESS. AMERICA STANDS A CHANCE OF BECOMING ONE OF THE TOP DESTINATIONS IN THE WORLD. WE ARE IN THE PROVERBIAL "RIGHT PLACE AT THE RIGHT TIME"!

WE ARE A MIRACLE COUNTRY AND ONCE AGAIN HAVE A CHANCE TO LEAD IN ANOTHER REVOLUTION... TOURISM. IF WE INVEST NOW WE WILL REAP THE BENEFITS NOW. THE YEAR 2000 IS TOMORROW, AND WE STAND IN A GREAT POSITION TODAY.

WITH YOUR COOPERATION AND INVESTMENT WE CAN'T LOSE.. AND WHAT A POSITION TO BE IN!

Biff Michaud,
Michaud Bus Lines,
Salem, MA.

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FILE NO. ____________

March 21, 1988

Hon. Ike Skelton
Chairman
SUbcommittee on Tourism
Committee on Small Business
U.S. House of Representatives
Washington, D.C.

Dear Ike:

Although I am unable to appear personally before your Subcommittee today to discuss tourism and its impact on Salem, I am enclosing a statement for the record.

We are grateful to you for holding these hearings because it means a real recognition of the importance of tourism to Salem's economy and its future.

As a boy growing up in Salem, as Congressman from this District from 1969 through 1978 and now co-owner and developer of the Hawthorne Hotel and other properties, I have seen Salem come of age in this century. But Salem's complete potential won't be fully reached until tourism is accepted as a major component of its future. The National Maritime Site, under the very able leadership of its Superintendent, Cynthia Pollack, is a vital part of this City's tourist base and, we hope, will finally receive the funding and recognition it deserves as a central part of Salem's historical past as well as its future.

Once again, thank you for coming to Salem. We hope you will return many times again.

SIncerely,

Michael J. Harrington

STATEMENT SUBMITTED BY
MICHAEL J. HARRINGTON
to
SUBCOMMITTEE ON TOURISM
HOUSE SMALL BUSINESS COMMITTEE
March 21, 1988

Mr. Chairman, I appreciate the opportunity to submit these remarks for the record of your Subcommittee's hearings in Salem.

We hope that you have had an opportunity to tour the City and see for yourself the wonderful depth, richness, and extent of Salem's history and tourist attractions. I do not know of any other small city in America which can boast of so much to visit within a compact, easily walked area.

As a boy growing up in Salem, as Congressman from this District from 1969 through 1978 and now as co-owner and developer of the Hawthorne Hotel and other properties, I have seen Salem come of age in this century. But Salem's complete potential won't be fully reached until tourism is accepted as a major component of its future.

Salem has certain basic internal strengths which include. An educational center in Salem State College; a major sub-regional health center in Salem Hospital, Shaughnessy Rehabilitation Hospital, and North Shore Children's Hospital, and the fact that it is the legal center of Essex County. Those three "centers" help assure Salem's stability.

I believe that Salem can and should have a fourth center of strength—tourism. Salem is the cultural and tourist center of Essex County. It is a major repository of history through the Essex Institute, the National Maritime Site, and the Peabody Museum. Salem has an immensely rich architectural heritage. Walk any street in Salem and you will see example after example of "antique" homes in which modern families are being raised.

While Salem is most famous for the Witchcraft Trials and while tourists come out of interest in witchcraft Salem offers far more than the average tourist knows or has time to see. Salem was one of this country's earliest permanent settlements, and it can lay legitimate claim to having made significant contributions to the nation's evolution and development.

It seems to me that the challenge facing Salem is to make our resources better known to the tourist. As I am sure you know tourism is a major component of economic development in Massachusetts. According to a study done by the state Division of Tourism, travel and tourism add more than $11 billion to the state's economy. In 1985 more than 22 million people visited Massachusetts and spent $6.2 billion including more than $1.2 billion in salaries and wages. Travelers to Essex County spent $257,000,000. Between 600,000 and 800,000 tourists visit Salem each year.

While these numbers may sound impressive, I believe that many more visitors would come to Salem if a commitment is made to get them here.

Your Subcommittee and the Federal Government have a unique opportunity to help Salem realize its tourist potential in the National Maritime Site. The Site, once the single source of revenue for most of the federal government's treasury, is of vital importance to Salem's economic future. Located in the heart of Salem, the Maritime Site has for decades been given insufficient attention. When the Federal Government created the Maritime Site fifty years ago here in Salem it made a commitment to urban parks as well as rural. For years the larger parks have eclipsed the smaller ones. But now the Federal government has a wonderful opportunity to utilize urban parks to help in the economic revitalization of older cities. The success of Lowell bears witness to the importance of the National Park system in urban revitalization.

Salem has shown and will continue to show strong local support for the $6 million refurbishment of the Maritime Site. With the establishment of the Salem Partnership--a "partnership" of public and private sector individuals and officials--Salem has taken a major step to consolidate its support behind the Park.

We hope that you will urge speedy passage of the legislation funding the $6 million park rehabilitation.

On a final note I would urge your Subcommittee to examine the policy of the National Park Service and the federal goverment which prohibits all of the parks from promoting their attractions. While it is permissible to invest in resources--an investment which is certainly necessary in Salem--it is not permissible to invest in promotion to get people to come and see those resources. In this day and age, when regions, states, counties and cities are all vying to market themselves to obtain that tourist dollar, it strikes me as anachronistic to prohibit a major component of Salem's tourist market from telling people that it is here. A shared marketing effort would attract more people to the city and add considerably to its economic development.

Thank you.

Testimony to be included with that submitted by the 3 panels before the

Committee on Small Business
Subcommittee on Exports, Tourism, and Special Problems
held in Salem, Ma. March 21, 1988

April 4, 1988 Margaret COLEMAN, Russian resource person.
20 Friend Street, Manchester, MA. 01944

Honorable Chairman Skelton, and the Honorable Nicholas Mavroules:

I would like to have the following outline for a proposed MUSEUM OF THE RUSSIAN TRADE for Salem, MA. to be read into the record of the Congressional Field Hearing.

Why is there no "MUSEUM of the RUSSIAN TRADE"? The city of Salem boasts the world renowned "MUSEUM of the CHINA TRADE"- The Peabody Museum. And yet there is no such counterpart Museum of Trade with Tsarist Russian. The trade, however, is richly documented in the Manuscript collections of The Peabody Museum, The Essex Insitute, theBeverly Historical, the Manchester Historical, and most likely, the Library at Harvard Univ.

The story of the trade lies in boxes of family correspondence, the files of family papers. Each person who reads these materials has to write the story of the Baltic Trade for themselves. Where are the artefacts that were brought from Salem to the Baltic Ports on those ships of Elias Hasket Derby,Simon Forrester, the Peabodys, and the Gardners? These are names we have no question about their role in the far Eastern trade, but have little knowledge and public consciousness of the extent of the Baltic Trade during the late 18th and 19th centuries. Why doesn't The Light Horse, The Astrea, The Messenger, The Sebastian out of Beverly, the Petersburg of Manchester's Captain Trask, signal Russian destinations?

A MUSEUM OF THE RUSSIAN TRADE would bea resource center for all the cultural groups that are not now connected to any organizing institution?

A MUSEUM OF THE RUSSIAN TRADE would begin to acquire and recieve for a permanent collection the Samovars from Tula, the embroidery from the Ukraine, the Icons, the wooden folk painted toys and utensils, the remarkable papier

There could be a Russian Tea Room in a MUSEUM of the RUSSIAN TRADE.

There could be a souvenir shop in a MRT that would sell products made in the Usssr. Imagine the changes that might take place within the American psyche if they were to encounter more than weapons marked "made in the USSR".

Classes could be offered in a MRT ranging from "Russian for Travellers", "Rooting out your Ethnic Past" and "Getting beyond 'nyet......,etc.

Related MUSEUM activities could include trips to the cities of the Baltic Trade-Kronstadt, St. Petersburg, Archangel; a relationship with Sitka Alaska could be established.

WHAT and WHO are possible resources for such a project?

***** The Law firm of ROPES & GRAY played a significant role in the Baltic trade.

***** The RUSSIAN AID SOCIETY on Pickering Wharf in Salem could become a temporary home for the MUSEUM. (Purely ethnic clubs are not a viable institution). The Club was founded by Russians of the 20tieth century and represents still another Salem/Russian connection.

***** The RUSSIAN Orthodox Church in Salem is quite isolated from the city.

***** The Russian Institute at Boston University could be an academic link.

***** Companies doing trade with the USSR now- Somerville Lumber, International Foods of Allston, The Lucy Maxym Collection, etc.

***** In New York City there is a powerful example of the combination of Peace and Culture at work. The NICHOLAS ROERICH MUSEUM houses the art and philosphy of the Russian Artist, Nicholas Roerich. The ROERICH PACT provided for the international protection of monuments and instiututions with cultural treasures. President ROOSEVELT was one of 21 national heads of states who are signatories to the ROERICH PACT. The MUSEUM OF THE RUSSIAN TRADE could connect with this Museum.

***** As a Russian resource person for the past 25 years, 5 time traveller to the USSR, former teacher of the Russian language, I appeal to your committee to support the founding of a MUSEUM OF THE RUSSIAN TRADE.

The Maritime activity of Salem with the Baltic Ports is a story who time has come to be told. The Soviet problem of 'PERESTROIKA" - the rebuilding of the Soviet economy is the challenge of Salem . "Glasnost and perestroika" are words to be heard in Salem.

Thank you,

Margaret Coleman
20 Friend Street
Manchester, MA. 01944
617-526-7906

cc. Michael Harrington,
Cynthia Pollock
Maureen Johnson

Trask, Charles Hooper
see p. 139

The Early Years of William Ropes & Company in St. Petersburg

BY HARRIET ROPES CABOT

THE firm of William Ropes & Company existed for many years doing business in St. Petersburg and Boston. It was started by William Ropes in 1832 and was carried on into the twentieth century by his son, William Hooper Ropes, and other members of the family. The sketch of its early years which follows has been gleaned from a collection of letters, mostly written by William Ropes to his brother, Hardy Ropes, in Boston. These letters, together with those written by the brothers in Boston to their father in Salem, cover almost completely the period from 1817 to 1842.[1] They are largely on business matters but naturally include many details of family life, for Hardy Ropes seems to have been left behind to cope with the numerous problems of a growing family connection and the pieces of business which his brother could not trust to anyone else.

The history of William Ropes & Company is a very good example of the typical development of a mercantile establishment in early nineteenth-century America. Opportunities for new business in the West Indies and the East were not then so great, and young men in Boston and Salem still looked oceanward for their careers rather than towards the western land frontiers. William Ropes was born in Salem in 1784 at the perfect moment to be in the middle of expansion of trade away from the beaten track overseas. His father, Samuel Ropes, was a partner in the firm of Page & Ropes in Salem, which was occupied in fitting out ships for foreign trade as well as in doing a regular chandlery business at home.

At that time young men were educated for trade by working in a friend's counting room or store and by shipping as supercargoes on long voyages under the direct discipline of a good captain. The two elder sons of Samuel Ropes had started out in this way to learn business as supercar-

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[1] In addition to the letters themselves in my possession there are the private account books of Hardy Ropes and his daily Boston journal which cover the entire period. It has thus been possible to get a few side lights on some of the bare references which have given us this information. I understand that all the business papers of William Ropes & Co. were destroyed when, in 1913, the office was broken up. The letters from Russia were written fairly regularly, at least twice a month.

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goes but unfortunately were both dead before they were twenty years old; one of fever in Curaçao and the other by accident while unloading his vessel in Boston Harbor. They were apparently both very promising and popular, and they left their brother William, then about sixteen, as the eldest of the remaining six children in the family. He soon began to take his responsibilities seriously and probably acted as a clerk in his father's store before going to sea at all. In 1804 we find him engaged to assist Nathaniel Bowditch together with George Burchmore in making the chart of the harbors of Salem, Marblehead, Beverly and Manchester. This was a connection which must have been useful to him later. In 1806, when he was twenty-two, he made his first voyage as supercargo on the bark *Mary* to Calcutta. This was followed by another to Canton in 1809. It does not seem as if he thoroughly enjoyed a seafaring life, for on his return from China he went into business in Boston with Colonel Benjamin Pickman under the name of Ropes & Pickman. This move to Boston seems in keeping with the pattern of the changing times. Boston was beginning to grow, and Salem was to be left behind as a port.

From the very beginning William Ropes was much concerned for his brothers and sisters, uncles and aunts and cousins, both financially and spiritually. This eventually led to the almost dynastic plans which he developed for the business after it was established in St. Petersburg. While in business in Boston he imported his two brothers, Hardy and Joseph Ropes, from Salem to work in the store and apparently was in the habit of sending for bright young Salem boys as he needed them. In January 1816 the partnership with Colonel Pickman was dissolved. William then entered business with Mr. Thomas W. Ward, a well-known merchant in Boston who was also a friend of Dr. Bowditch. As far as can be made out, Ropes and Ward continued until 1825 when it seems Ropes joined his brother-in-law, William Reed, in business for a few years before he branched out into the trade with Russia which became his permanent business. Hardy Ropes continued to work with his brother during these changes. Joseph, however, decided to enter the Yale Divinity School but died prematurely.

These were difficult years in any business. The embargo, the war of 1812 and the panic of 1819 did not smooth the path of the businessman of those days. Nevertheless, William Ropes continued throughout the hard times. His Salem connections must have proved very useful in giving him a wider range for trade than he would have otherwise had. Page & Ropes in Salem must have been somewhat like a branch store. He dealt in most of the usual commodities. The letters to and from Salem discuss the prices of rice, coffee, candles, Duck (canvas), flour and fish. There seems also to have been a certain amount of business regarding money, loans and notes, which perhaps supplied the capital necessary for their business.

Meanwhile William Ropes married a girl from Marblehead and settled down to have a family of ten children. They moved often, taking large houses with room for boarders to make them pay. Often these were young ministers, and one of them was a brother-in-law who used the parlors for a children's school, which must have been a very convenient arrangement.

The Ropes business must have been particularly bad in 1819, the year of the financial panic. William set off again in this year as supercargo on a voyage to India. Apparently he did fairly well on this trip even though he was forced to return home before his ship because of fever. At home things continued with ups and downs ending the year 1829 with many debts both private and to the government, which must have made a radical change necessary. Somehow, perhaps advised by Mr. T. W. Ward or Mr. A. Lawrence, he conceived the idea of entering into business with Russia. We consequently find him embarking on the ship *Courier*, Captain Lewis Russell, for Havana and St. Petersburg on 1 January 1830. He took with him his eldest son, William Hooper Ropes, who had recently been a student at Amherst. At Havana they spent their time for two months buying sugar to consign to St. Petersburg to his agents Stieglitz & Company. They had a pleasant time there with the other merchants and captains from home. At the end of March they set sail for St. Petersburg. William Ropes writes that he has high hopes for good results of business in Russia and for arrangements for business in the future there.

They had a very rough passage of sixty-seven days to Elsinore. William Ropes wrote to his brother Hardy that 'William has seen the worst of a sailor's life, I tell him to remember all and afterwards to make up his mind whether to become a farmer or a sailor.' On their arrival in St. Petersburg they were greeted by the sad news that Mrs. Ropes had died in April, leaving seven children besides William Hooper to be provided for at home. This seems like a stupendous problem in addition to that of establishing a new business in a strange country. William seems to have been able to face it and by 29 June had made plans for them all at home. He decided to send William Hooper home on the return voyage of *Courier*, and while he was busy the good Captain Russell showed him the sights of the city. The plan for the boy was that he should start in as a clerk in an office.

Mr. Ropes had other things besides his immediate family problems to absorb and discourage him at first. He did not like the arrangements which he was able to make with Messrs. Stieglitz & Company, through whom he had to do business because the rules governing foreign merchants were so strict. The sugar sales by which he had set much [illegible] were not as good as he had hoped for either. During the summer he arranged to ship as freight several hundred tons of iron and some hemp to New York and made plans for coming home. He was more cheerful by 29 September and the sugar sales were better. He must have been able to improve his arrangements with Stieglitz & Company, as he informs Hardy that he finds he can make very advantageous imports and hopes to be able to make final settlements of the old 'concerns,' or debts, in Boston and feels that letters from Stieglitz will settle his creditors at home. The cargoes shipped that year included iron, calfskins, glass, glue, hemp, sheetings and diapers, not forgetting the two fox skins he bought for Mrs. Abbot Lawrence. He arrived back in New York on 11 December 1830, not quite a year after he had left home.

William Ropes was able to complete all the business he had to do at home in very short order, for the end of January finds him on the return trip to Russia across a wintry Europe. The active shipping season in St. Petersburg was very short and defined by the freezing of the harbor at Cronstadt and the river. His business was done at this time on a commission basis through Stieglitz & Company in St. Petersburg and Goodhue & Company in New York and several others. The merchant engaged space for his freight in ships going to the desired port and undertook to fill the space in both directions. As the firm grew more prosperous they chartered entire ships or owned them. William wanted to return to Russia ahead of the ships in order to arrange matters for the returning freight. He was also anxious to get his business more established before the season opened. He wrote by the pilot in New York, 'I do not seem to have left anything unfinished and I go off with my mind perfectly at ease and having great confidence that God has placed me in the way of duty in thus going, and believing that my prospects are much beyond what I could have expected of permanently good business.'

Ropes's chief extracurricular interest was in religious matters connected with the missionaries and the distribution of tracts. This accounts for his social activities on his second journey to Russia. He kept a journal of that trip which describes many details. He crossed first to England and then to Hamburg, whence he continued by stage, sleigh and private carriage, through Berlin, Koenigsberg, across the Courland inland sea to Memel, Riga and St. Petersburg, where he arrived on 19 March. The journey was enlivened by visits to Protestant or 'pious' missionaries from the London Missionary Society and by scattering piles of tracts wherever

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he went. His later letters home clamor for more tracts, sermons and temperance reports. He is bound he is going to get tracts to the Imperial Family!

As on his previous visit, he found himself welcomed by the 'Christian' English community in St. Petersburg, which delighted him. He stayed for the summer with the pastor, Mr. Knill, a former missionary, and saw a great deal of Mr. and Mrs. William Gellibrand with whom he was very congenial, going to drive with them often. Mr. Gellibrand was perhaps one of the most successful English merchants in St. Petersburg, well established with an interest in local cotton mills. They found a common bond to their acquaintance as they were both keenly interested in the chapel and the religious life of the community. During the summer of 1831 there was a severe epidemic of cholera which killed 4,517 people, including Mr. Knill's two children, but from which William Ropes fortunately escaped.

As before, the cargoes of sugar did not do well at first, but by October Ropes wrote home that he had no 'determination about the future' but was more and more convinced of the safety of commencing in St. Petersburg. He sold everything he imported except a little rice and logwood. He sent a variety of articles home to try by a number of ships, including hides, sheeting, Raven Duck, feathers, quills, red leather, ising glass, ladies' shoes, boots, slippers, samples of glue, spirit lamps, painted canvas rugs, miscellaneous tablecloths for presents and a set of prints of the 'heads of this Empire for a long succession.'

He also took himself home at the end of the summer season, arriving in New York on 3 February 1832, feeling that business was quite as prosperous as he could expect. In March he was in Charleston buying cotton to ship to Russia. He must also have worked very fast at home, for directly after his return from the south he married Miss Mary Ann Codman, daughter of the minister Mr. John Codman of Dorchester in whose family his own daughter, Mary Tyler, had been living some of the time since her mother's death. He promptly picked up his new wife, her maid and the older four children of his family, ranging in age from nineteen to fourteen, and set off about 18 April, planning to settle permanently in St. Petersburg. The four youngest children were left at home, scattered among various relations. They must have made quite a party. By this time William, a little pompous perhaps, read religious works to the passengers and crew on Sundays, and those who were not seasick read aloud and sewed for a large part of the rough voyage.

The letters of Mary Tyler Ropes, called by her brother the 'scribbler general of the march of intellect in St. Petersburg' and those of Joseph

Samuel Ropes give more of an idea of how the family lived in their new home than the business letters of their father. Mr. and Mrs. Gellibrand welcomed them all in the house they had rented and were ready with tea on their arrival. They made friends almost immediately, and all took a great interest in the chapel. They went 'from house to house with perfect freedom from ceremony,' had prayer meeting on Monday evenings in their large dining room, and after meeting their friends, Mr. Gellibrand's family and others took tea with them. After tea the Tract Society would hold a meeting if there was any business. It sounds as if there were many pleasant people of their own kind in the community. For a time, Mr. Buchanan, the ambassador, and Mr. Clay, the secretary of the American Legation, took tea with them every week.

In 1832 William Ropes shipped goods to Stieglitz & Company principally from Goodhue & Company, Homer and Homer and R. D. Tucker in New York on a commission basis. He sent much the same goods on the return trips to New York as he had done the previous year, with the addition of oakum and undressed quills. As an adventure, he sent a set of screens painted by a drunken German with scenes of St. Petersburg on them. He also sent his little girls at home some tippets of swan skin. His rice and cotton sold well in Russia, and his sheet iron and feathers did well in New York. He felt that cotton was a good safe cargo, which was proved as the years went on. He wrote his brother in October that he would not 'undertake to establish here without an experienced and confidential partner.' For the next season, he wrote to Goodhue and Company in New York to load two vessels in Charleston with cotton and rice. He hoped that his brother-in-law, Henry Prince of Salem, would captain one of these ships and that in choosing other captains he would give preference to 'pious' captains for his cotton cargoes.

In March 1833, William Ropes formally announced in a printed circular his commercial establishment in St. Petersburg under the firm of William Ropes and Company. He gave as references Baring Brothers in London, Goodhue & Company in New York and Thomas W. Ward in Boston. He also decided to write his name up as a first guild merchant in order to save charges and to get commissions. This cost $750 a year, but apparently he felt it worth while. In October William Hooper, then about twenty-two, became a Finnish subject and joined the second guild for the same reasons. This meant that all goods except pamphlets could be consigned to them directly. The first American ships of the year arrived in Cronstadt on 8 May with cargoes of iron ballast, hemp, sugar, logwood and manufactures. This year William spent some months in the interior, improving his Russian and learning about that end of the business in which he was to specialize permanently. Their exports and imports did well and the counting room was augmented by a German clerk who spoke languages and left William Ropes more time to raise money for the new chapel.

There was a 'universal distress in business' in 1834, and goods both at home and in Russia sold poorly. In Russia there was a scarcity in extensive districts so that imports could not be paid for. This year also brought changes in the family as Mary Tyler Ropes, the eldest daughter, was married to Mr. William Gellibrand, whose first wife was much loved by them all and had died the year before. William was much pleased by this match even though there was such a disparity of age. Mr. Gellibrand was forty-two, while Mary T. was only twenty. The connection must have strengthened business ties as well. Ropes writes that the 'House (Hubbard & Co.) of which he (Mr. G.) is a partner is of the most respectable character, standing and solidity here. He is active in the church and has a handsome property while his business is managed in a most prudent and economic manner.' Mary was to take the lead in such good works as visiting the poor, distributing tracts and providing for the Dorcas Society.

There were two other events of family importance in this year; the first, the loss of the first little girl born in Russia, and the next, the arrival of two of the little girls (Martha and Elizabeth) from home in the ship *Falconer,* Captain Winsor, in October. All the things which they needed for the voyage had been arranged first by their father in St. Petersburg, including food, dishes and bedding. William Ropes & Company were fortunate this year and would have had a 'famous' one if the ship *Ellen* had not been lost and *Falconer*'s cargo damaged on her return trip.

William Ropes, now fifty years old, was making plans for his own return to America eventually, leaving William H. in charge in St. Petersburg. The commission business had improved nicely, and he had a few friends who joined with him in purchases. He made it a 'principle not to form any connections with any house which will not consent to adopt those restrictions in respect to the Sabbath which I consider a positive duty. I prefer doing less business and doing it more to my mind.' Business in 1835 did pretty well, and in 1836 Ropes went to London to arrange with Baring's for credit for drawing against shipments and to provide for remittances against consignments coming to him. There were large amounts outstanding, but 'Baring Brothers seem disposed to be liberal.' He engaged William Hooper as a partner, who now spoke Russian fluently, had a knowledge of the interior, was a capital hand at bargaining and was liked by the Russians. He felt that they had gained standing and solidity and had decided to avoid any large importing business for the future. He now had plans to pay off his long-standing debt to the government in the spring.

The stage was being set for the further expansion of William Ropes & Company, however. Steam packets had begun carrying mail between the United States, St. Petersburg and England. London was the place where Russian business now originated, as it was the seat of bankers and a central spot. In 1837, Mr. Ropes was fortunate in securing Mr. Alexander Mirrielees in the counting room to take charge of the internal department. He left a 'snug' business, in which he had been engaged for seventeen years to do this. He and his wife had been friends of the Ropeses since they had come to Russia. Ropes wrote that 'Mr. Mirrielees is one of the most capable, industrious and methodical and persevering men I ever knew. William Hooper is to do the outside business as purchasing is his forte.' William's second son, Joseph, was graduating from the university with highest honors, including a right to the '14th grade of nobility.' His interest lay in translating tracts, but he shortly became another member of the counting house as a very astute young apprentice. George Henry Prince, a nephew from Salem, was soon to join them there. The panic of 1837 was upon them, and they were worried that it would change the methods of doing business based on the buying of staple goods at less cost than others from abroad could buy them. Nevertheless he had good orders in hand and planned a joint account with Goodhue & Company, 'as they prefer risks themselves to a commission business.'

In August of 1837 William Ropes left St. Petersburg with his wife and two children, leaving the four eldest settled more or less permanently. The youngest now being John Codman Ropes, later the historian. They established themselves comfortably in a house with a garden in London while William, after a short time in a small office, moved to a counting house at 37 Moorgate Street in the same building with Mr. George Peabody, the famous merchant from Baltimore, with whom he now carried on a certain amount of business. He now hoped that with business promising he could get a contract to sell hemp to the government in exchange for his debt. William Hooper Ropes was persuaded to delay his marriage to the first Mrs. Gellibrand's niece in order to go to America in 1838 to try to settle this matter. It is impossible to tell from the correspondence whether this was accomplished or not—probably not.

In 1841 William Ropes bought a two-thirds share in the bark *Ceylon* with its master, Captain Rand. This may have been the first ship actually owned by the firm. Business was very bad for two years, partly because the call for two of the chief commodities which they exported declined. The invention of steel pens spoiled the market for quills, and the increasing use of horse hair for bedding reduced greatly the demand for feathers. By this time the ease of communication between America, England and Russia was so smooth that William, realizing that his son was capable of managing the Russian end of the business, decided to return home to live. About this time there was a shake-up in the office at St. Petersburg as Joseph Samuel, not modest by nature, and Mr. Mirrielees got into difficulties. Mirrielees decided to return to his old employment. Although everything had gone smoothly in his relations with William H. for five years, he was unable to continue to work with Joseph, who was very sure of himself and behaved as if he owned the firm. Mr. Mirrielees felt that only discipline in a large house like Baring's would improve him. Thus the firm was now managed by William H. with the advice of Mr. Gellibrand, while George Henry Prince followed with zeal William's footsteps in the interior and Joseph continued in the office. It was now a purely family affair.

William removed from London in the summer of 1842. He took with him his family and his chief clerk and wife. In 1845 his brother Hardy Ropes was made a member of the firm after having worked for him since his return. The next year Joseph Samuel was also admitted.

Thus the first years of William Ropes & Company were completed. Perhaps they were not yet making much money, but they were accomplishing what was necessary for their livelihood. William's dream of a family company seems to be accomplished, giving occupation to the many young people for whom he always took great responsibility.

To complete this story, William Ropes & Company continued in active business until the death of the St. Petersburg partner, Ernest Edward Ropes in 1913 and the Russian Revolution. There had been offices in St. Petersburg, London, New York and Boston manned by members of the family. In the period after 1842, they owned their own ships, including *Chicora, Czarina* and *St. Petersburg,* some captained by Charles Hooper Trask of Manchester, Massachusetts, William Ropes's son-in-law, and later a New York partner. Besides their normal cargoes, they often transported tired and ailing ministers or missionaries for a bracing vacation in Russia. The original idea of a paternalistic business dynasty served well the purpose of taking care of a large family connection.

← mistake
Mrs Cabot has
amended her
statement to
"Richard".
Charles was not
a Sea Capt
HVC

Harriet Ropes Cabot, A.B., Bryn Mawr College, 1930; Secretary, Department of Surgery, Massachusetts General Hospital, 1942-1946; Assistant, Department of Paintings, Museum of Fine Arts, 1946-1950; Adams Papers staff, 1953-1956; Curator of Collections, The Bostonian Society, 1957 to date. Before 1942 I was occupied as a housewife and with volunteer work for social agencies, especially in the development of the Volunteer Service Bureau. I also had time to work on the Ropes papers and catalogue them during this time. My father was James Hardy Ropes, grandson of Hardy Ropes, the Boston partner.

**Mike Dukakis
for President**
105 Chauncy St., Boston, MA 02111
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MIKE DUKAKIS ON THE ISSUES: THE ROLE OF TOURISM IN OUR NATIONAL ECONOMY

The scenic beauty, historical attractions, and cultural riches of this great country are natural attractions for millions of Americans and international travellers. These are all advantages that America can utilize to build a brighter economic future for our country through increased development of the tourism industry.

Background:

Tourism, the nation's third largest retail industry, generated $269 billion in total sales and accounted for 7.3% of the country's GNP in 1986. In all its related industries, tourism employs over 5 million workers, making it the country's second largest private employer. The industry also employs those groups with traditionally higher unemployment rates--minorities, youth and part-time workers.

The American tourism industry is also one of the most encouraging aspects of the United States' current international trade situation. Tourism is the biggest export earner among tradeable services and the second largest export industry in the U.S. Last year, the United States enjoyed a $1 billion tourism trade surplus with Japan.

Beyond its economic impact, tourism contributes to international peace, understanding and good will. It is also a focal point of regional pride. From Harborplace in Baltimore to the Black Hills of South Dakota, from Niagara Falls to the Florida Everglades, an area's tourist attraction is the ultimate source of local pride.

Current Level of Federal Commitment:

Under the present federal administration, the United States Travel and Tourism Administration (USTTA) has been grossly under-funded. The combination of weak federal support and an over-valued dollar has caused the U.S. share of the international travel market to decline during the 1980's, despite great growth in overall international travel.

Frequently, the Reagan Administration has proposed elimination of USTTA entirely and only strong bipartisan congressional support has kept the agency alive.

However, with only a $12 million USTTA budget for 1987, the U.S. ranked 45th in per capita spending on tourism, in an era where other countries are aggressively expanding their budgets.

Although the states are, and should be, heavily involved in tourism development and promotion, they cannot individually benefit to the extent possible without a collective marketing effort orchestrated by USTTA in cooperation with the private sector. The segmented nature of the travel industry requires coordination of private and public sector marketing efforts.

A comprehensive promotional campaign involving USTTA would include coordinated research and planning, resource pooling, information sharing, packaging of travel programs and advertising of the United States as a preferred destination. USTTA can fulfill the vital role of developing and facilitating partnerships between the states and the private sector.

The positive economic impact of each dollar spent on tourism promotion is undisputed. A comprehensive marketing campaign, pursued aggressively, returns the initial investment several times over through money spent on transportation, lodging, food, entertainment, and retail sales.

Numerous countries that compete with the United States for international visitors, including Great Britain and Canada, realize a significant return on their initial investment. In Massachusetts, we have entered overseas markets in cooperation with other New England states, private industry and USTTA and we have seen our initial investment doubled in just one summer season.

Tourism and a Dukakis Presidency

In a Dukakis Administration, the USTTA will fulfill its federal responsibility and be a major force in promoting travel to the United States. Specifically, I will:

- double the size of federal funding for USTTA from its present level of $12 million per year to $24 million;
- invest the additional $12 million in developing joint efforts with state travel offices and the private sector to create, promote, and sell new tourism packages for each region of this country. These funds would also be used to undertake a comprehensive international print and media advertising campaign to attract new visitors to the United States;

- use of funds from my proposed $500 million National Economic Development Fund to assist communities in economic development and revitalization projects. These funds could aid in making investments in historic preservation and community-developing projects which will spur tourism and economic growth. These projects could be modeled after the Renaissance Project in Richmond, VA; the Redevelopment Project of St.Louis, MO; the Western Foundry in Indianapolis, IN; the San Antonio Riverwalk Project in TX; and the Pioneer Square in Seattle, WA.;

- implement the visa relaxation provisions of the Moakley/DeConcini Immigration Act, which will facilitate travel between the U.S. and our closest allies.

- undertake a comprehensive effort to improve the safety and service of this nation's aviation system. Tourism relies on safe, affordable and efficient transportation. We can improve our aviation system by utilizing the Aviation Trust Fund, hiring more air traffic controllers, deploying advanced technology, and implementing a reservations system at our busiest airports;

- invest in highways, roads, bridges, waterways, high-speed rail and mass transit systems that are the building blocks of the country's economic future and the backbone of our national transportation system;

- make the protection of the environment, protection of our national parks, and maintenance of our nation's historic treasures top national priorities.

Record as Governor:

My commitment to fostering economic growth through tourism development is based, in large part, on the phenomenal success we have had in Massachusetts. In my state, we are realizing the vast returns of tourism promotion in the form of economic growth, tax revenues and job creation. Specifically as Governor, I have:

- increased the Massachusetts' budget for tourism from the 21st largest in the country in 1984 to the 8th largest in 1987. This investment in tourism has added an average of $2.5 billion of new revenues annually to our state's economy over a four-year period and generated $701 million in new tax revenues;

- implemented the "Spirit of Massachusetts" program to promote the numerous tourist attractions throughout our state. During 1987, the program generated approximately $12.8 billion in economic benefits and over $873 million in tax revenues;
- launched an unprecedented state-initiated tourism promotion campaign, in cooperation with TWA and USTTA, on foreign television stations. The New England states pooled their resources to promote our region overseas and the program doubled our investment in less than three months;
- created a state-wide heritage park system which uses public and private investments for projects which are revitalizing historic regions reflecting the industrial heritage of Massachusetts;
- invested state funds to acquire open space for recreation uses, invested in the beautification of town centers and the state highway system, and increased the number of facilities to provide information to the travelling public.

Opportunity for all is the goal we have set for ourselves in Massachusetts, a good job at a good wage for every single one of our citizens, and that is the goal we should set for our nation as well.

As many states have now shown, increased emphasis on the tourism industry can play a major role in economic growth. With a President who understands the value of the tourism industry and is committed to its health, we can achieve significant economic development throughout the United States. A Dukakis presidency will make the necessary committment to tourism and allow this industry to flourish.

Essex
Institute

132 Essex Street Salem, MA 01970
(617) 744-3390

Statement

To: The Small Business Subcommittee on Exports,
Tourism, and Special Projects
Congress of the United States
House of Representatives
Salem, Massachusetts
March 21, 1988

From: Anne Farnam, President, Essex Institute

The Essex Institute, founded in 1821 in Salem, Massachusetts, is one of the oldest regional historical societies in the United States. For 167 years, it has collected, preserved, and interpreted the history of Essex County, an area whose people have been instrumental in the creation of our nation. This collection has an unusual depth in time, from the 17th century to the present day, and in variety: historic houses, paintings, decorative arts, objects of work and everyday life, letters, diaries, books, pamphlets, and advertisements which tell of the social and economic growth of America.

The Essex Institute has long been committed to its important role in preserving American culture. It is gratifying to see a new partnership beginning in the 1980s in which the government and business recognize that preservation contributes to the quality of American life and to the economic well being of the country.

This partnership between non profit cultural institutions, government, and business needs to be encouraged and supported and I urge your committee to seriously consider all of the evidence presented at this field hearing here in the heart of one of the nation's most historic areas.

We Collect, Conserve, Communicate Essex County History

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United States Senate
COMMITTEE ON SMALL BUSINESS
WASHINGTON, DC 20510-6350

Statement by Senator John Kerry

Small Business Subcommittee on Exports, Tourism and Special Projects

March 21, 1988

Mr. Chairman, First, allow me to take this opportunity to commend both you and Congressman Mavroules for convening this hearing in Salem. Salem is a city rich in history and resources and as it undertakes a critically important step toward revitalization it is imperative that Congress be informed of the City's plans and its desire for congressional participation.

The Commonwealth of Massachusetts is a leader in utilizing its historic heritage to promote tourism and in turn provide a climate that fosters the growth of small business. One need only look to the success stories that have been written in Lowell about the Heritage Park or in Fall River at Battleship Cove. Massachusetts has proven that partnerships work--jobs are created and tax bases are expanded when government joins with business to revitalize a municipality.

Here in Salem yet another partnership has evolved. The Salem Partnership is a group of business and community leaders, as well as state and local officials, who envision a true renaissance in historic Salem. Mr. Chairman I, too, share that vision. Small business has demonstrated its financial commitment as have local and state government. It is time for Congress to lend its support to the Salem Partnership.

Mr. Chairman, the formula being employed in Salem to affect this renewal is a proven one. Effective utilization of our historic treasures promotes tourism and enhances the economic opportunities for small business. The Congress would be remiss if it were not to support The Salem Partnership. Be assured that you have my commitment and I look forward to working with you toward realizing the dreams of the people of Salem.

National Trust for Historic Preservation

April 8, 1988

Representative Ike Skelton
Committee on Small Business
Subcommittee on Exports, Tourism,
and Special Problems
B-363 Rayburn House Office Building
Washington, DC 20515

Dear Representative Skelton:

The National Trust is delighted is submit testimony on tourism in rural America. The National Trust is deeply committed to preserving America's rural heritage and I appreciate the opportunity to comment on this topic. The Trust looks forward to working with Congress on the issue of tourism in rural areas in the future.

Sincerely,

Sally G Oldham

Sally G. Oldham
Vice President for
Programs and Services

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Testimony of

Sally G. Oldham

Vice President for Programs and Services

National Trust for Historic Preservation

before the

Subcommittee on Exports, Tourism and Special Problems

Committee on Business

U.S. House of Representatives

March 31, 1988

On behalf of the National Trust for Historic Preservation and its over 200,000 members, I welcome the opportunity to testify on tourism in rural America. The National Trust is a private, nonprofit organization, chartered by Congress in 1949 to further the long-standing federal policy of historic preservation and to promote public participation in the preservation of the nation's historic resources. Today, the National Trust plays a vital role in the preservation partnership of federal, state and local governments with the private sector.

Rural America consists of hamlets and villages, the countryside of historic farms, roads, fields, and waterways. It is found in those places historically dependent on America's natural resources based industries: fishing, farming, mining and timbering. Rural America speaks to an increasingly urban nation about its past and its hopes for a future that includes farmland, open spaces and local heritage.

Rural America has undergone dramatic changes since World War II. New methods of farming, the expansion of cities and their suburbs, a decline in rural population have all made rural America very different from the place our grandparents remember. Rural communities and their historic resources face a number of special problems in what is generally recognized as a troubled rural America. Historic structures and landscapes are threatened by highways, neglect, poverty, and lack of understanding and appreciation of their value as national resources.

Some rural areas have made a transition to new economic life and are now dependent on recreation, tourism, retirement and commuter economies. Without careful planning, however, plans for supplementing the traditional agricultural economy can go astray. Locally controlled growth management is critical for rural areas in order to preserve the very qualities that have made them desirable places to live. In rural Door County, Wisconsin, for example, vacation homes, commercial development and new roadways have obliterated the historic agricultural and fishing communities.

Other rural areas, such as the small fishing communities in the Mississippi delta, have lost their traditional economic base and suffered a decline in population. Such communities are beginning to look to new sources such as tourism, to bring back economic vitality. As rural communities address the problem of uncontrolled development or, just the opposite, the problem of attacting tourists to boost a flagging economy, the National Trust is committed to working with them to ensure that their historic resources-- the farm buildings, grange halls and county jails -- are preserved for use by future generations. It is through the identification, documentation, appropriate utilization and inclusion in local and regional planning processes that these important historic resources will be recognized.

For many years the National Trust has helped rural areas develop their tourism potential through financial and technical assistance, publications, seminars and the Main Street and Maritime Preservation programs. The National Trust's regional offices provide a wide variety of assistance to community-based organizations active in the preservation and promotion of historic resources. Through our Midwest Office in Chicago, the National Trust helped the small rural community of Embarrass, Minnesota, analyze the tourism potential of converting a vacant school into a Finnish cultural center as part of a regionwide strategy for tourism development in the economically depressed Mesabi Range.

The National Trust offers several grant and loan programs that enable public agencies and non-profit organizations to tackle challenging preservation problems and develop technical expertise. The Trust recently awarded a matching grant of $2,500 to the Daviess County Historical Society in Gallatin, Missouri to assess the cost of rehabilitating the Daviess County Rotary Jail. The Jail will be used as a regional tourist information center and as a community museum.

In 1987 two of the three tourism-related grants the Trust made from its Critical Issues Fund were awarded to rural areas. One was used to develop a plan using tourism as an economic generator in Mineral Point, Wisconsin and the other supported a study to protect the fragile environment of the Hanelei Valley in Hawaii to guard against overuse by visitors.

The National Trust is deeply committed to preserving America's rural heritage and looks forward to working with Congress on these issues. The National Trust is anxious assist with initiatives which address tourism and economic development strategies in rural areas throughout the nation.

UNITED STATES DEPARTMENT OF COMMERCE
The Deputy Under Secretary for Travel and Tourism
Washington, D.C. 20230

March 28, 1988

The Honorable Ike Skelton
Chairman
Subcommittee on Exports, Tourism
and Special Problems
Committee on Small Business
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for inviting the United States Travel and Tourism Administration (USTTA) to participate in the subcommittee's field hearing on tourism and historic preservation, March 21st in Salem, Massachusetts.

Your support and interest in USTTA's programs is deeply appreciated. I am hopeful that our participation in your subcommittee's deliberations is helpful to you.

Enclosed, as you requested is a list of the travel promotion organizations around the United States which USTTA believes are organized in a manner similar to the foundation outlined in your bill.

In addition, I am enclosing the list of research projects which, if USTTA had its prerogative, it would initiate or improve (including execute on a more frequent basis). The National Travel Survey Dick Rust mentioned in his testimony has not been updated since 1977. The cost of that one project, which USTTA would execute with the cooperation of the Census Bureau is estimated to be $7 million. The projects shown on the last page of the research attachment would cost about $750,000 in FY '89 more than USTTA's current and proposed budgets allow.

Recognizing the importance of these projects and others, and given the budget priorities of this administration and the Congress, the best alternative to this situation seems to be enactment of a fee proposal similar to the one you and I have discussed.

Should you have any questions about the material I am providing you, or other issues raised in my testimony, please do not hesitate to let me know. Again, thank you for your support.

Cordially,

Eric C. Peterson
Deputy Under Secretary
for Travel and Tourism

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ALABAMA

Alabama Travel Council
427 Interstate Park Drive
Montgumery, AL 36109
(205) 271-0050
Patti Culp Mullen, Executive Director

ALASKA

Alaska Visitors Association
PO Box 10-2220
Anchorage, AK 99510
(907) 276-6663
Telex 25147
Mr. Dana Brockway, Executive Director

CALIFORNIA

Redwood Empire Association
Spear Street Tower
Suite 1001
One Market Plaza
San Francisco, CA 94105
(415) 999-8999
Telex 183511
William F. Snyder, President

Lake Tahoe Visitors Authority
PO Box 16299
South Lake Tahoe, CA 95706
(916) 544-5050
(800) 822 5922* central lodging
Barbara L. Klein, Executive Director

COLORADO

Aspen Resort Association
303 East Main Street
Aspen, Co 81611
(303) 925-1940
(800) 421-7145* CO
(800) 262-7736* rest of USA
Spencer Videon, President

Pike's Peak Country
Attractions Association
354 Manitou Avenue
Manitou Springs, CO 80829
(303) 685-5894
(800) 525-2250* USA except Co
Milly Dougherty, Managing Director

FLORIDA

Florida Attractions Association
PO Box 833 Silver Springs, FL. 32688
(904) 694-5444
Joseph C. Ryan, Executive Director

GEORGIA

Georgia Hospitality & Travel Association
Suite 625
Sussex Place
148 International Boulevard
Atlanta, GA 30303
(404) 577-5888
Robert King, President & CEO

Southeast Tourism Society
PO Box 420308
Atlanta, GA 30326
(404) 231-1790
Bill Hardman, Director

Travel South USA
3400 Peachtree Road, NE
Lenox Towers, Suite 703
Atlanta, GA 30326
(404) 231-1790
Glenn Couvillon, Director

LOUISIANA

Louisiana Travel Promotion Association
PO Box 4003
Baton Rouge, LA 70821-4003
(504) 346-1857
Danny L. Young, Executive Director

MASSACHUSETTS

New England Government Conference Tourism Committee
Massachusetts Division of Travel and Tourism
100 Cambridge Street
Boston, MA 02202
(614) 727-3201
Richard Rust, Director

MICHIGAN

East Michigan Tourist Association
One Wenonah Park
Bay City, MI 48708-9967
(517) 895-8823
James H. Hall, President

Southeast Michigan Travel
& Tourist Association
64 Park Street
PO Box 1590
Troy, MI 48099
(313) 585-8220
Sidney Baker, President

Michigan's Upper Peninsula
Travel & Recreation Association
PO Box 400
Iron Mountain MI 49801-0400
(906) 774-5480
E. Chris Dancisak, Executive Manager

West Michigan Tourist Association
136 Fulton Street East
Grand Rapids, MI 49503
(616) 456-8557
Wesley B. Tebeau, President

MINNESOTA

Mississippi River Parkway Commission
West Prt Office Building
220 South Robert Street
Suite 201
St. Paul, MN 55107
(612) 224 9903
John Edman, Executive Secretary

NEVADA

Elko Convention & Visitors Authority
700 Moren Way
Elko, NV 89801
(702) 738-4091
(800) 248-3556* Western states
Kay E. Thompson, Executive Director

Las Vegas Convention & Visitors Authority
3150 Paradise Road
Las Vegas, NV 89109-9096
(702) 733-2323
Telex 684527
Frank Sain, Executive Director

Reno-Sparks Convention & Visiotors Authority
PO Box 837
Reno, NV 89504-0837
(702) 827-7600
Telex 170083
FAX (702) 827-7666
Jay Mulligan, Executive Director

NEW JERSEY

New Jersey Travel & Resort Association
729 Fischer Boulevard
Toms River, NJ 08753
(609) 861-5954
Michael Redpath, Executive Director

Southern Shore Region Tourism Council
c/o Joann Ritter
Wheaton Village
Millsville, NJ 08332
(609) 825-6800
Joann Ritter, Chairman

NEW YORK

New York State Destinations, Inc.
PO Box 432
Lake George, NY 12845
(518) 668-2643
(800) 221-9211 ext. 101* NYS
(800) 833-9590* rest of USA
Bob Heunemann, President

Chautauqua County Vacationlands Association
4 North Erie Street
Mayville, NY 14757
(716) 753-4304
Donald J. Hogan, Administrator

Finger Lakes Association, Inc.
309 Lake Street
Penn Yan, NY 14527
(315) 536-7488
Conrad Tunney, Executive Director

Thousand Islands International Council
PO Box 400
Alexandria Bay, NY 13607
(315)482-2520
Theresa Mitchell, Director of Tourism

NORTH CAROLINA

Travel Council of North Carolina
1100 Raleigh Building
5 West Hargett Street
Raleigh, NC 27601
(191) 821-1435
Sharon Perry, Executive Director

OREGON

The Oregon Coast Association
PO Box 670
Newport, OR 97365
(503) 336-5107
Warren Strycker, Executive Director

PENNSYLVANIA

Pennsylvania Travel Council
21 North Fourth Street
Harrisburg, PA 17101
(717) 232-8880
Ms. Ronni Hannaman, President

The Gettysburg Travel Council
35 Carlisle Street
Gettysburg, PA 17325
(717) 334-6274
Philip Magaldi, Jr., Director/Administration & Advertising

SOUTH DAKOTA

Black Hills Badlands & Lakes Association
900 Jackson Blvd.
Rapid City, SD 57702
(605) 341-1462
Bill Honerkamp, President

Old West Trail Foundation
PO Box 2554
Rapid City, SD 57709
(605) 343-7677
Rocky Finck, Director

TEXAS

Discover Texas Assocation
Suite 803
16607 Blanco Road
San Antonio, TX 78232
(512) 492-3256
Jim Battersby, President

Texas Tourist Council
PO Box 13371
Austin, TX 78711-3371
(512) 476-4472
Randy M. Lee, Executive Director

UTAH

The Foremost West
Suite B
770 East South Temple
Salt Lake City, UT 84102
(801) 532-3113
Telex 453030
Brad Smith, Executive Director

Golden Spike Empire, Inc.
PO Box 1601
Ogden, UT 84402-0601
(801) 399-8288
Lynn Butterfield, Executive Director

VIRGINIA

Virginia Travel Council
7415 Brook Road
PO Box 15067
Richmond, VA
VA 05402-0453 23227
(804) 266-0444
Gay Graham , Executive Director

Alexandria Tourist Council
221 King Street
Alexandria, VA 22314
(703) 838-4200
Barbara Janney, Executive Director

LONG-RANGE PLAN--OFFICE OF RESEARCH

I. BASIC DATA PROGRAM

This program provides the agency and outside industry users with base-line measurement data on the size and changes in the inbound and outbound U.S. travel markets. Program elements include:

* Foreign Visitor Arrival Statistics (INS I-94 data). Monthly reports of INS data on non-immigrant arrivals to the U.S. by country of residence, port-of-entry, mode of transport, and type of visa. These data provide base-line tabulations of the inflow of foreign tourism. Reports are published quarterly through NTIS. Cost estimates include development of in-house computer capabilities to prepare special data analyses and reports by FY1988. Projected costs are:

FY1987:	$87,500
FY1988:	$100,000
FY1989:	$95,000
FY1990:	$90,000
FY1991:	$95,000

** Mexican Border-Crossing Survey. Currently conducted by the Bank of Mexico, this ongoing survey provides data on the volume and characteristics of U.S. and Mexican border crossers. The Office of Research is currently working to develop a data exchange/cooperative program with the Mexican officials to gain regular access to these data and possibly modify their survey to generate additional, needed information for U.S. government purposes (USTTA, BEA, INS). This cooperative arrangement may involve contribution toward program maintenance and data processing costs; a tentative, maximum budget is proposed here:

FY1987:	---
FY1988:	$100,000
FY1989:	$100,000
FY1990:	$100,000
FY1991:	$100,000

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* Indicates an improved existing program
** Indicates a new program

U..S. International Air Departure Statistics (DOT I-92 data). These monthly data provide basic measurement of the size and change in U.S. international air travelers by port-of-departure, country-of-debarkation, type of flight, and flag of carrier. The budget request includes support of the base I-92 program at DOT and development of inhouse computer capability to access the data base and develop special analyses and reports:

FY1987:	$17,500
FY1988:	$30,000
FY1989:	$35,000
FY1990:	$35,000
FY1991:	$35,000

II. MARKET RESEARCH PROGRAM

Market research studies provide in-depth analyses of the characteristics, travel patterns, buying behavior, and motivations of actual and potential foreign travelers. These data provide guidance in developing marketing strategies and promotional campaigns. The proposed program elements are:

* In-Flight Survey of International Air Travelers. This ongoing, monthly survey of departing U.S. and foreign air travelers provides extensive marketing intelligence on both foreign visitor markets and Americans traveling abroad. It enables the agency to construct comprehensive analyses of international travel markets at the destination level of detail, particularly useful in selecting target markets and defining market size for individual destinations. Projected costs include development of inhouse computer capability to prepare special reports/analyses; increased marketing of In-Flight Survey output reports and tapes; and improvements to survey operations.

FY1987:	$405,000
FY1988:	$425,000
FY1989:	$450,000
FY1990:	$475,000
FY1991:	$500,000

* Cosponsored Consumer Surveys. Jointly sponsored by USTTA and Tourism Canada (and possibly the Mexican Government Office of Tourism), these surveys address potential international travelers in selected major foreign markets each year. The studies establish U.S. competitive positioning , potential travelers' characteristics, prime target market segments, and their images, attitudes, and international travel

preferences. Data from these surveys will guide development of cooperative promotional programs in the survey countries. The budget proposal provides for expansion of this program beginning in FY1989 to include additional, important secondary markets to receive marketing attention.

FY1987: $200,000
FY1988: $250,000
FY1989: $450,000
FY1990: $500,000
FY1991: $500,000

** Focus Group Studies. Tied to the conduct of the above-mentioned cosponsored consumer surveys, focus group studies would be conducted one year beforehand, beginning in FY1989. This would allow, on a smaller scale, an indepth probing of consumers' decision-making, attitudes, images, preferences, etc., and guide our development of questionnaire batteries to be used in the main cosponsored studies to follow. Associated costs would be:

FY1987: ---
FY1988: ---
FY1989: $100,000
FY1990: $110,000
FY1991: $120,000

** Surveys of the Cultural Context of Tourism in Selected Foreign Markets. These studies would develop new information on the importance of travel in the overall context of foreign consumers' way of life, providing a detailed understanding of travel behavior. The information gained would assist USTTA and its cooperative partners to better appeal to the foreign markets through promotional messages reflecting and taking advantage of the cultural values associated with travel. Projected budgets are:

FY1987: ---
FY1988: ---
FY1989: $150,000
FY1990: $150,000
FY1991: $150,000

** Surveys of Foreign Travel Trade. Surveys of the travel trade (travel agents, tour operators) in USTTA's market countries would provide information on this important sectors' impressions/images, attitudes, and predispositions toward the U.S. as a competitive international destination, as well as information and training needs of this group which packages and sells the U.S. travel product. The information gained would help USTTA, its cooperative marketing partners, and the U.S. travel industry marketing abroad to develop substantive, properly focused travel information materials and training services for the foreign travel trade in each country. USTTA's nine major markets would be surveyed in FY1988 and again in FY1991; secondary markets would be surveyed in FY1989 and again in FY1992 (not shown):

FY1987:	---
FY1988:	$135,000
FY1989:	$140,000
FY1990:	---
FY1991:	$150,000

** Special Surveys of the Outbound U.S. Travel Market. Other than the In-Flight Survey, virtually no ongoing consumer research on the outbound American travel market, which is vitally important to many U.S. travel industry firms, is regularly conducted. The proposed plan entails 1) annual expenditure diary surveys to gain needed details on the distribution of U.S. spending on trips abroad and to check average spending estimates generated by the In-Flight Survey, beginning in FY1989; and 2) a cosponsored (perhaps with Tourism Canada) consumer survey of the potential U.S. outbound travel market, similar to the cosponsored consumer surveys in foreign markets, in FY1990:

FY1987:	---
FY1988:	---
FY1989:	$50,000
FY1990:	$155,000
FY1991:	$60,000

III. EVALUATION RESEARCH PROGRAM

* Marketing program evaluation studies track and assess the effectiveness and impact of USTTA marketing programs. This program includes pre- and post-campaign readership surveys, coupon conversion studies, tracking of changes in visitation patterns of specific target market groups, and follow-up surveys of trade show/seminar participants. The proposed budget for this program reflects the need to expand the agency's evaluation base in concert with increased market coverage and expanded marketing efforts. Follow-up surveys to check on actual travel behavior (versus

intentions, which are determined in coupon conversion studies) will also be added to the program.

FY1987: $100,000
FY1988: $150,000
FY1989: $250,000
FY1990: $270,000
FY1991: $285,000

IV. SPECIAL STUDIES/PROJECTS PROGRAM

Research activities in this category are designed to provide special-use information (e.g., economic impact data) important to agency operations, such as in recruitment of industry cooperative partners, and to outside industry users in their development of international tourism programs.

* Study on the Economic Impact of Foreign Visitor Spending. An annually-updated study is proposed, to assess the distribution and impact of foreign visitor spending on U.S. national, regional, and state economies. These studies will include analyses of employment, business receipts, and tax revenues generated by spending of foreign visitors in the U.S. Proposed budgets for these studies are:

FY1987: ---
FY1988: $20,000
FY1989: $20,000
FY1990: $25,000
FY1991: $25,000

** Marketing Research Workshop/Seminars. An organized program to improve the communication and usage of USTTA research resources is proposed. A series of marketing research workshops/seminars (regionally in the U.S. and in each of USTTA's major market countries--for the foreign travel trade) would be developed to provide and interpret available research, for the purpose of assisting public and private sector industry users in selecting foreign target markets and developing properly designed marketing programs. This effort would also increase potential user groups' awareness and understanding of USTTA research data. Proposed budgets are:

FY1987: ---
FY1988: $25,000
FY1989: $50,000
FY1990: $50,000

FY1991: $50,000

** Cooperative Studies of International Tourism Among U.S. Travel Industry Sectors. This relatively small program would involve working cooperatively with different sectors of the U.S. travel industry--hotels/motels, airlines, buslines, rental car companies, travel agencies, etc.--to determine the incidence of patronage by international visitors. Hopefully, an ongoing index of foreign visitor usage of each sector's services could be developed and communicated regularly to the industry. These data would help in showing the importance of the foreign visitor market. Anticipated budgets are:

FY1987: ---
FY1988: $15,000
FY1989: $25,000
FY1990: $25,000
FY1991: $30,000

** Cooperative Domestic Research. Only a minimal domestic-oriented research activity is included in this proposed long-range plan. (This can be modified if priorities change.) The proposed budget would be used to improve existing national-level domestic research program(s) conducted by either public (i.e., National Park Service) or private (i.e., U.S. Travel Data Center) organizations. Alternatively, a special report recommending standardized definitions and guidelines for conducting State travel surveys could be commissioned. The proposed budgets are:

FY1987:	---
FY1988:	---
FY1989:	$20,000
FY1990:	$25,000
FY1991:	$25,000

SUMMARY

The total budget projections for the Office of Research programs outlined here total:

FY1987:	$800,000
FY1988:	$1,250,000
FY1989:	$1,940,000
FY1990:	$2,020,000
FY1991:	$2,140,000

These program budgets are in keeping with the anticipated expansion of USTTA's total budget. Importantly, this document does not include requirements for increased staff support to accommodate the increased level of research responsibilities, increased office space, or increased office operations budgets (particularly to upgrade office computer facilities and equipment). Separate estimates of these additional requirements can be provided as needed.

PROJECTED RESEARCH PROGRAM BUDGETS, FY1988-FY1991
(thousands $)

	FY88	FY89	FY90	FY91
BASIC DATA				
Foreign Visitor Arrival Data	$100	$105	$90	$95
Mexican Border-Crossing Survey	$100	$100	$100	$100
U.S. Int'l. Air Departure Data	$30	$35	$35	$35
MARKET RESEARCH				
In-Flight Survey	$425	$455	$485	$515
Cosponsored Consumer Surveys	$250	$450	$500	$500
Focus Group Studies	---	$100	$110	$120
Foreign Cultural Studies	---	$150	$150	$150
Foreign Travel Trade Surveys	$135	$140	---	$150
Surveys of U.S. Int'l. Travelers	---	$50	$155	$60
EVALUATION STUDIES	$150	$250	$270	$285
SPECIAL STUDIES				
Economic Impact Study	$20	$20	$25	$25
Research Workshops/ Seminars	$25	$50	$50	$50
Coop. U.S. Industry Studies	$15	$25	$25	$30
Domestic Research	---	$20	$25	$25
TOTAL	$1,250	$1,940	$2,020	$2,140

TOURISM AND SMALL BUSINESS

FRIDAY, JUNE 3, 1988

House of Representatives,
Subcommittee on Exports, Tourism,
and Special Problems,
Committee on Small Business,
Welches, OR.

The subcommittee met, pursuant to notice, at 10:15 a.m., Rippling River Resort, Welches, OR, Hon. Ike Skelton (chairman of the subcommittee) presiding.

Present: Chairman Skelton and Representative Wyden.

Chairman Skelton. Ladies and gentlemen, the Small Business Committee will come to order. My name is Ike Skelton. I'm from the State of Missouri, chairman of the panel before you. We are here today at the request of Congressman Ron Wyden, and I might say that we're delighted to be here in this beautiful State seeing the very warm and wonderful people. We especially give thanks to my friend Ron for his hospitality and for the kind invitation to be here.

We have come to this State and to this place to listen to your success stories, to your ideas, and to your frustrations regarding tourism. This Subcommittee on Tourism has been holding hearings such as this around the country for the past two years. Knowing of the tremendous economic impact tourism has on the country, we want to learn more from you about how Congress can best help develop and promote lesser known, alternative destinations, especially rural areas, to take advantage of the potential market that we have in our country in travel and tourism.

Tourism is a thriving industry, one of the largest in our country. It's become the second largest employer in the Nation, with employment growing 57 percent in the last 10 years. We in Congress need to know what we can do to help tourism-related businesses, the vast majority of which we all know are small businesses, to make the most of opportunities and to tap into the vast tourism market, both domestic and abroad.

One particular area where we should concentrate is in international tourism. Foreign tourists come to America and spend billions of dollars. We should look at international tourism as if it were an export, bringing new capital to our country. If a foreign visitor comes to our country, steps one foot in our country, spends $1, we win. We cannot afford to miss the opportunity to capture larger portions of the international market of tourism.

During our hearings it has become apparent that all the players, the local, State, and Federal Government, and private industry, are committed, are working hard, but are not always pulling together or singing from the same sheet of music. What is missing is a coordinated, well defined, national tourism policy.

Last week I introduced a bill calling for a Presidentially appointed commission on travel and tourism to study all the aspects of this industry in both the developed and undeveloped recreational areas of our country, and to make recommendations to the President and to Congress for establishing a national tourism policy that will enable all those who wish to benefit from this industry to do so much better.

As I said, we're here to listen to you, and we want to know what you're doing, what you think could be better, what recommendations we should give Congress. I look forward to the hearing today. Again, I thank my friend, Ron Wyden, who is truly an Oregonian asset as well as an outstanding American, and I'm pleased to serve in Congress with him. I'm doubly fortunate he asked us to come here for this hearing.

I would at this time ask Mr. Wyden for his introductory remarks.

[Mr. Skelton's statement may be found in the appendix.]

Mr. WYDEN. Ike, thank you very very much. I think those in the audience know, because many of you have been at congressional hearings before, that it's always kind of obligatory that you say something nice about a visiting Member of Congress. It really would not be a congressional hearing if you did not do that kind of thing. But I just want Oregonians to know that I think Ike Skelton is the class of the Congress. You just do not find people more decent and more willing to work with people for fair and practical solutions. Ike flew with me all night last night to be here, and is going back to Missouri later today.

Ike, I just want you to know how much we appreciate your being here, not just for the leadership in the tourism field, but the chance to work with you on a variety of issues that are important to our country. We welcome you and we hope we will be able to lure you back often in the days ahead.

I have a short opening statement, Mr. Chairman, and then I know we are looking forward to our witnesses.

First of all, this is an absolutely critical time for Oregon to launch a new effort to promote tourism. We know with the soft dollar today that it is particularly attractive for foreigners to come visit the United States. We have a chance with that soft dollar to attract people to our area, make them understand what beauties we have, and then they will keep coming back again and again. Of course, the soft dollar cuts two ways. Not only does it make Oregon very attractive to foreigners right now, but also it is a good reason for Americans to stay in this country and to come visit Oregon if they are from the East Coast of the United States or another part of our country. So it is an absolutely critical time.

One of the reasons that we particularly wanted to bring the Small Business Subcommittee on Tourism here is that we know in Oregon that we are really taking on some of the Goliaths of the tourism business. We are taking on those big destination centers like Disneyland, and Vail, and Las Vegas. They are well known. They have huge promotional kinds of budgets. And in order for us to compete with them we really have to look at what we call a promotional kind of sling shot. Very carefully targeted approaches looking at marketing and developing to sell ourselves in the best possible way. And very frankly, I think the Federal Government ought to be a better partner in the effort to try to make those small destinations more attractive to tourists.

I think the Travel and Tourism Department which is part of the Department of Commerce, can do a better job. The record is very clear, for example, with respect to promoting regional efforts, the Travel and Tourism Department has done a whole lot more to promote the New England States in Europe than they have done to promote the Pacific Northwest in what could be a much larger market in the Pacific Rim. Some things have been done, we have been working with them, but the record is very clear, and that is that a lot more has been done to promote those New England States in Europe than has been done to promote the Pacific Northwest in a bigger market which is the Pacific Rim.

There are other Federal agencies that need to be better partners in the effort to promote tourism. For example, I think the Forest Service is going to need to be more conscious of recreational values, basic kinds of recreational values, when the forest plans come out. I think there will be discussion on this point, as well, today.

Another area that concerns me greatly is that I think Federal law enforcement agencies must do more to help us get this drug problem out of our forests. We are going to have a tremendous problem in our forests, lose a significant portion of that resource, unless we have a stronger effort to get drugs, marijuana, methamphetamine laboratories, cocaine, and this death spiral of drugs out of the forests, and Federal law enforcement agencies ought to be better partners in helping the State in this regard as well.

Mr. Chairman, there were only a couple of other points that I wanted to make very briefly. One is to note the staggering number of jobs in Oregon that relate to tourism. About 63,000 Oregon jobs are dependent on tourism, related business, and that is about six out of every 100 workers. It is an annual payroll of more than $500 million, ranking our State 29th in the country in tourism revenues.

I thought it would be particularly helpful to briefly break down what it means for the Mount Hood community, especially. Here in the Mount Hood community tourism is a primary source of income. Last year nearly one-third of 50 businesses in this area said in a University of Oregon survey that 100 percent, 100 percent of their business is tourism-related. Half of those 50 companies said that better than 80 percent of their revenues comes from sales to tourists. And an even more important figure, Mr. Chairman, is that two-thirds of the businesses surveyed in the Mount Hood community area said they expected to expand, they expected to add new jobs in the next couple of years.

So. Mr. Chairman, the stakes are very great. I'm looking forward to our witnesses. I think there is a great deal we can do to build a stronger partnership between Government and the private sector, government at all levels and the private sector to strengthen what is a real magnet for our State tourism sector, and I very much look forward to our witnesses, and again thank you for coming today.

[Mr. Wyden's statement may be found in the appendix.]

Chairman **Skelton**. Thank you so much, Ron, for your comments. I am appreciative of the invitation. I want to publicly state that you are pronouncing the name of my State correctly, Missour-"ah".

Mr. **Wyden**. We've been coaching him on Oregon.

Chairman **Skelton**. I hope this will continue, that you learn something as well as I have learned something.

Ladies and gentlemen, I would make a cautionary note. We have 11 witnesses scheduled. We have three panels. I hope that those of you who have prepared testimony will submit your written testimony in full and then, as briefly as you can, of course covering all of your points, summarize your remarks so we can ask the proper questions, which is really what we are here to learn.

We will ask our first panel to step forward. Eric Peterson, the Deputy Under Secretary for the U.S. Department of Commerce from Washington, DC. Eric, thank you for being with us.

Julie Curtis, the Assistant Director, Oregon State Department of Tourism. Keith Phildius, the Aviation Marketing Manager of the Port of Portland. We welcome you to our hearing.

Without objection, Mr. Wyden, each of the prepared testimonies today will be placed in the record in full, and we will ask that each of the witnesses beginning with these three in front of us, kindly condense their comments so we may have more time for questions.

Mr. Peterson, we will begin with you, sir.

TESTIMONY OF ERIC C. PETERSON, DEPUTY UNDER SECRETARY, U.S. DEPARTMENT OF COMMERCE, WASHINGTON, DC

Mr. **Peterson**. Thank you, Mr. Chairman. Good morning. Good morning Congressman Wyden.

I am pleased to appear before you today to testify on the subject that is near and dear to the hearts of the U.S. Travel and Tourism Administration, tourism exports.

As you know, the United States travel and tourism industry consists of more than one million enterprises, most of them small businesses. The vast majority of these businesses do not transact export business or market their services abroad. In addition, State and local travel offices spend only a small portion of their budgets on international marketing. Out of their total $283 million budgets, State travel offices spent only $10.3 million on the international travel promotion effort last year.

It is the mission of the U.S. Travel and Tourism Administration to assist American travel businesses and State and local travel offices to overcome the disincentives they face in entering the international market place. USTTA's goals are to increase U.S. export earnings from tourism services, reduce impediments and barriers to international trade and tourism, and increase U.S. access to foreign tourism markets by introducing American sellers to potential foreign buyers. USTTA seeks to draw new to market United States travel companies, States, and cities into the international marketplace through a broad range of cooperative efforts.

Mr. Chairman, all signs indicate that USTTA is quite successful in achieving its goal. In 1987 the United States benefitted from nearly 29 million foreign visitors, a record 14 percent increase over

1986, accounting for $19.5 billion in export earnings for America, up from $15.9 in 1986, a 23-percent increase. For the first time, the United States enjoyed a $1.2 billion travel trade surplus with Japan. Japanese visitors, buoyed by favorable exchange rates and low air fares, came to the United States in record numbers, some 2.1 million Japanese visitors, a 27-percent increase over 1986, spent a record $2.1 billion while traveling in the United States.

In addition to travel-related expenditures, foreign visitors' purchases of goods has increased dramatically. A reported 20 percent of the sales at Bloomingdale's in New York were to foreign visitors. The New York Footlocker store at Pier 17 reports that foreign visitors' purchases represent nearly 75 percent of their business.

Foreign tourism to the United States is expected to continue increasing in 1988 and 1989. Current projects are for arrivals to top 29.3 million in 1988, and 30.5 million in 1989. Export earnings from tourism are expected to rise by 11 percent in 1989, to $22 billion. If the figures from the first two months of 1988 are any indication, USTTA's projections will again prove conservative. For the first two months of 1988 total inbound visitation was 1.5 million, an increase of 16 percent. Canadian arrivals were up 9 percent, and Mexican arrivals were up 11 percent. Arrivals from all overseas countries increased by 24 percent, most notably for the interest of the State of Oregon and the West Coast area of the United States, arrivals from Japan were up by more than 21 percent.

Even more encouraging is the fact that overseas visitors to the United States have been discovering the rest of America. While 3 States dominate the visitor statistics, California, Florida, and New York, USTTA has seen many other States and territories gain in foreign visitation as well. From 1985 through 1987, overseas visitation grew 38 percent for the Nation as a whole, but 24 States and territories grew much faster than that. These nontraditional destinations are gaining market share. They are getting a larger piece of the growing arrivals pie. These States and territories, unfortunately, do not include the State of Oregon.

Clearly, the favorable exchange rates now enjoyed by the Japanese and the Europeans contribute to the increase in America's largest business export. In addition, the State Department's efforts to implement visa waiver in the United Kingdom and Japan will increase inbound travel.

However, the programs and efforts of USTTA in partnership with the States and private sector play an important role in informing international travelers of what the United States has to offer. In the last two years, USTTA has placed greater emphasis on dealing with regional entities devoted to promoting inbound travel to the United States. Increased involvement has come through the Export Now seminars and cooperative advertising efforts with these regional entities. Areas of the United States that had little or no experience in the international travel market now have a better idea of the significance of this market and how to enter it.

Obviously, Mr. Chairman, the United States is doing all right in terms of its share of the market. But obviously, too, the United States could do much better. Most especially, Mr. Chairman, USTTA believes the Northwest United States could do better.

Recently, USTTA undertook an analysis of tour products on the shelf in America's nine major overseas markets. What we found out about this region of the United States was amazing.

For the purpose of this study Oregon was put together with Idaho, Washington, Nevada, and California in an area that we call U.S. West. In comparison to all 12 of the U.S. markets, U.S. West had the largest percent of travel products on the export shelf. That's the good news. The bad news is that California had 61 percent of those products while Washington had 5.2 percent, Idaho had 1 percent, and Oregon had only 2.5 percent of the total products from the region. Nevada had 30 percent of the travel products on the foreign shelf from this region.

Looking at the situation from the perspective of the economic impact travel exports have on Oregon, we find that California ranks first among all the States with gross tourism export income of nearly $3 billion. Idaho ranks 41st with gross tourism export income of $20.8 million. Washington is 12th with gross tourism export income of $322 million. And Oregon ranks 24th with a gross tourism export income of $74.5 million.

For well over a year USTTA has had a running dialogue with the distinguished Congressman from Portland, Mr. Wyden, concerning this situation. We have encouraged our overseas directors, particularly our director in Japan, to pursue discussions with the State Travel Commission, the commissioners from the U.S. West region, and particularly with the State of Oregon, and we have pursued similar discussions with the travel industry from the region.

From USTTA's perspective the need to address travel product development in this region using Portland as a gateway from Japan, the Pacific Rim, and Oceana, is important. Just as USTTA has worked with industry from other regions of the country through the execution of Export Now trade development conferences, through the creation of international travel market committees, and through the planning and travel product development these committees have done, so, too, is USTTA ready, willing, and able to work with this region and with the State of Oregon to achieve a similar objective. Because quite frankly, Mr. Chairman, from our perspective, the time is NOW to export Oregon overseas.

Finally, Mr. Chairman, let me make a personal note and comment about your initiative. I have been extremely pleased and excited to work with you over the year that I have been with USTTA. I have admired your initiative and leadership and your unending interest in the industry and in my agency. I have appreciated the opportunity to participate in the series of field hearings your subcommittee has held this year.

In my mind, speaking personally now, I believe your proposal to establish a Blue Ribbon Presidential Commission is a very good one, a very sound one. USTTA and its predecessor agency, USTS, are now 26 years old. The National Tourism Policy Act is itself 7 years old. During these years a lot of change has occurred in the industry, and a lot has changed about the mission and methodology of the Federal Government's role on behalf of this important sector of our Nation's economy.

I applaud your proposal, and quite frankly I am hopeful that I may play some role in the convening of the Commission in the year ahead.

Mr. Chairman, that concludes my testimony. I would be pleased to answer any questions the subcommittee may have.

[Mr. Peterson's statement may be found in the appendix.]

Chairman SKELTON. Thanks so much, Eric Peterson. I do appreciate your support and your backing on our proposal. We all are pulling together. The sky is literally the limit as to what we can do in America because there is so much here to see, all we have to do is show people how to get here, what to do, where they can see real America, and I think we will be not only the economic beneficiaries of it, but also it will be a big boon in international relations. When you visit with friends, make new friends from other countries, you can't help but have a positive experience.

Julie Curtis.

TESTIMONY OF JULIE CURTIS, ASSISTANT DIRECTOR, OREGON STATE DEPARTMENT OF TOURISM, SALEM, OR

Ms. CURTIS. Thank you.

I'm Julie Curtis, and I am here today to represent the Oregon Tourism Division. We appreciate your inviting us to be part of this hearing and to make comments on the statewide viewpoint of tourism.

In my opening comments I would like to say that I don't think there is anybody here today who is going to be testifying who will tell you that tourism is not an incredibly important industry in Oregon. It is not only one of our top three industries, it is one that is growing, and is growing dramatically. It generates literally billions of dollars in expenditures, much of which directly benefit small businesses and our smaller, often rural communities. Many of these communities in our State are now experiencing a decline in their traditional industries of forestry and agriculture, so many of them are looking to tourism as an opportunity to increase and improve their economic situation locally.

What I want to discuss today is really some of the nuts and bolts programs the Tourism Division has and is currently promoting to involve the regions in our promotional activities. I want to emphasize particularly those that directly benefit and involve the smaller communities in Oregon. I am going to highlight a few of the programs that really get those smaller rural areas involved in what we are doing.

Chairman SKELTON. I welcome those coming, as I do, from small town Missouri.

Ms. CURTIS. Good.

I also want to briefly touch on our international marketing efforts, although I believe that other people who are going to testify today will be really highlighting those in more detail than I will.

Then I want to discuss the Tourism Division's perspectives on how USTTA and the Federal Government, in particular, can become more involved in cooperative efforts to promote tourism at the international level, and talk about some of our suggestions, what we would propose the USTTA to become involved with.

First of all, I want to give you a bit of background on the Tourism Division and our biennial budget. In the 1987 Oregon legislative session, the legislature awarded an additional $2 million to the Tourism Division from lottery funds in Oregon, most of which is targeted for marketing and promotional efforts. That raises our biennial, 1987–89 budget from our base $2.5 million to a current $4.5 million, so that was very exciting for us to get those additional marketing dollars in this biennium.

That puts us somewhere in about the mid-30's range nationally in terms of State dollars to market tourism. We ranked previously about 42, so we are seeing that we are getting a much more competitive edge nationally. We are still only in the mid-30's, however.

Most of that additional $2 million has been used, as I said, on marketing and promotional efforts, and I want to touch on a couple of the efforts that we have been involved in this biennium.

To date, this biennium, we have launched two major marketing campaigns. One is the Winter Campaign, and one is our Spring/Summer Campaign which was launched in mid-April of this year. I want to give you some details about that Spring/Summer Campaign because the results have been what we feel are phenomenal. It is also the largest, most comprehensive marketing campaign that our State has ever launched in tourism to date.

We have two basic markets for the Spring/Summer Campaign: The Seattle area and the San Francisco and Bay area. The media that we used were billboards, magazines, and newspapers as well as some special promotional efforts in those areas. Our responses to date are what we feel are phenomenal. From the period of April 15 through May 15 of 1988 our responses from our ad campaign alone in our office have generated 23,237 responses. This same period last year we had 9,512 inquiries into our office, so that represents a 168-percent increase in travel inquiries in the Tourism Division.

This is the advertising insert that we placed in various media, and I have a few of these back there if you want to take a look at those. The response piece that we have that we mail out to travel inquiries is the Oregon Book which has received national recognition for being a very top notch tourism response piece.

I would like to give you a general outlook of what the advanced bookings are for this summer, which we feel are partially a direct link to our media campaign: The Shakespearean Festival in Ashland, Southern Oregon, their advanced bookings are up 25 percent for this summer; Seaside on the coast, their booking inquiries for June are up 22 percent; the Central Oregon Reservation System, based in Bend, has advanced bookings that are up 30 percent; the Oregon State Parks campground reservations are up 25 percent. That is kind of an overview of what's happening statewide and the predictions that we have for the growth in tourism this summer.

Based on 1985 research that the Tourism Division conducted, we determined that one of two parties who ordered our State travel guide that I just showed you actually made a trip to Oregon. So using those 1985 figures, that also show that an average of $716 per party per trip was spent in Oregon, our ad campaign responses conservatively have the potential to generate $8 million from the inquiries that we've received in our office to date. That is not for the entire campaign. So we are looking at an incredible tourism summer ahead of us and continued growth throughout the State in travel expenditures.

I want to highlight some of the special promotions that we are involved in, to give you an idea of what the State tourism office is doing to involve the regions in our State programs. Basically, it is our responsibility, we feel, to create opportunities for the regions to become involved in our activities. We market and have a comprehensive media campaign, however, we do have some special activities that involve the regions in ways they could never become involved with their budgets. Our budget is not huge, but we try to create those opportunities for those smaller rural areas to become involved in selling their tourism product in a way that they could not do on their own budgets.

One of the things that we were involved in this year was a San Francisco sales blitz associated with a Nieman Marcus promotion that our Agriculture and Economic Development Departments had in San Francisco to promote gourmet agricultural food products in the Bay area and around the country. This is a classic example of a cooperative effort. Not only were other State agencies involved in this promotion, we invited tourism representatives from all over the State to go with the Tourism Division down to the Bay area to promote tourism in a variety of promotions: Outdoor square promotions, sales calls on travel agents, and the Nieman Marcus event.

We plan more events of this nature in the future, such as specialized trade missions, sales trips, and trade shows that will involve the regions in a variety of travel activities.

We also are doing regional hospitality training around the State which trains local people on how to present hospitality training workshops to front line workers so we're sure that those front line people in our State are treating visitors hospitably. This brings in a program to those areas that can't develop their own workshop and training programs. That gives them an opportunity to have trained people in their area to present hospitality training programs.

That is also a cooperative effort with Pacific Northwest Bell, the Council for Economic Development in Oregon, the Tourism Division, and several other entities in Oregon coming together to create this cooperative project to take this kind of leadership out into the regions.

We also have a matching funds program in our biennial budget which is still being developed, but that will allocate money to regions that submit proposals for tourism-related economic development projects. That's a way that the smaller regions can make proposals to our division for funding assistance for special programs to promote their tourism product.

We also have two regional marketing coordinators, which is a fairly new thing in our division, that provide assistance to those smaller communities in developing marketing plans, putting on special promotions and events, and that really are accessible to people around the State who need assistance with developing their tourism product. Again, we're using our resources to communicate out there with the regions in the State. We have had very good response to the coordinators.

We also are doing a research program that will give us a more clear picture of what the tourism industry is involved in, what's happening out there in the regions in tourism. We are going to do an inventory of Oregon's tourism product, a statewide visitor profile by region so we can let the regions have a clearer picture of who their visitors are and what is going on in the industry. Also, an economic impact report will be produced that will tell us exactly what jobs are affected, how much money is being spent in Oregon, how that flows into our economy, and really give us a handle on the economic importance of tourism in the State. Also, we're doing an analysis of our potential marketing strategies. That is a program that will benefit not only the State as a whole but the regions, as we can tell them what is happening in their areas in terms of tourism expenditures and who is coming into their areas and spending money.

Another program that you might be interested in which is just brand new in our State is the Regional Strategies Program. Governor Goldschmidt instituted this program which allocates lottery dollars to counties or coalitions of counties who choose an economic development strategy of choice and present that to the State for allocation of lottery dollars. Twenty-two out of 36 Oregon counties have chosen tourism-related economic development strategies, and that is an incredible percentage of our counties. It shows that tourism is a very important industry in Oregon and that the actual counties and regions out there are looking to tourism and understanding the importance of tourism to their economy and wanting to build up not only marketing for tourism, but the infrastructure to handle increased visitor business.

I want to talk just briefly about our international emphasis with the division. Other people are going to comment further on that.

Basically, the Tourism Division's international emphasis to date has been primarily with a group called the New West Coast Playground. That is a cooperative effort between the State of Washington and Oregon Tourism Divisions, the Ports of Seattle and Portland, and the Visitors Bureaus in Seattle and Portland. It has been a good group. However, there has not been a comprehensive marketing plan developed. We have done some trade shows cooperatively. It is an effort that continues to grow and we do special trade missions and bring in special groups from all over the world to visit our area. But it has been the kind of group that doesn't have the marketing dollars to go out there and target markets and do as much as we'd like to. We want to really build up this effort on the West Coast.

It is this area that we really see the USTTA becoming more involved with this region, whether it just be Oregon or the Pacific Northwest. There is incredible potential, as Mr. Wyden pointed out, to develop some very targeted marketing strategies for the Pacific Rim. The Oregon Tourism Division is very, very interested in this and we would like to see the USTTA's ability to help us out not only non-monetarily, but with actual funding to help us do a couple of different things in this area and also in other targeted markets.

Two proposals that we would like to present to you today would be for USTTA assistance with research and development. Our current research budget is very limited in the division. We see a real need to actually research the Pacific Rim travelers before we make marketing decisions to go into that area in a very effective way to market Oregon and the Pacific Northwest. We would like to have assistance from USTTA to develop research and development programs that will benefit the entire area.

The second area that we see a real need to pursue, and again Mr. Wyden commented on this and I thought it was very appropriate, is to develop a partnership situation very similar to what the New England States have done. With USTTA, the six New England States, Trans World Airlines, Hertz, the Sheraton Corporation, two tour companies, and other visitors associations have formed a cooperative partnership to market the New England area to Great Britain, and it has been a huge success. They are now in their second year. We would propose something along these lines for the West Coast to market to Japan, for instance, or other Pacific Rim countries.

We see those two areas as really pressing areas that we need to form more cooperative partnerships in order to position Oregon and the Pacific Northwest competitively in that market. It is a very difficult market to penetrate. We need to know how to go in there and market effectively, and we also need dollars to create effective marketing programs that are going to bring results to all of us.

In conclusion, I would like to say thank you for letting us make these comments. I hope it gives you an overview and a general idea of some of the ways that we involve the regions in the State with our promotions, and some of the ideas that we have for more involvement with USTTA. I think tourism, as everybody will tell you today, is an exciting, growing, dynamic industry in this State, and it is great to be a part of it, but we need to form more partnerships and really more competitively and effectively market our area in order to increase those visitor dollars coming into our local economies even more.

Thank you.

[Ms. Curtis' statement may be found in the appendix.]

Chairman SKELTON. Thank you so much. Keith Phildius.

TESTIMONY OF KEITH PHILDIUS, AVIATION MARKETING MANAGER, PORT OF PORTLAND, PORTLAND, OR

Mr. PHILDIUS. Thank you for the opportunity of testifying before this very distinguished group this morning. I have formally submitted to the subcommittee the position on Oregon tourism as viewed by the Port of Portland. I would like to highlight its salient points in a moment. Before I do that, what I would like to do is share a little background on myself for you.

I came to the Port of Portland in February of 1988 so I have been here a total of three months. I did spend 22 years with United Airlines and I spent time managing its operation, managing marketing, managing its sales organization in a number of different cities including Seattle, seven years in Portland, Chicago, a number of other cities.

Within that, one of the jobs that I had was the international marketing responsibility, the profit and loss responsibility for the start of the service to the Pacific by United through the Portland

and Seattle gateways. So I know the international arena. I know tourism. I know and have experienced marketing products in the United States for the Pacific use and in the Pacific for United States use. So I have good understanding and familiarity with that along with serving on the Board of Directors of GPCVA, a nonprofit organization in Portland, the Oregon Hospitality and Visitors Association in Denver, CO.

What I would like to do is take a moment first and share with you a little background on Portland and what is happening there. Julie quoted some numbers in terms of statistics for the State.

Portland itself is the 37th largest airport on the system in terms of measuring passengers in and out. There were 5.7 million passengers processed through Portland in 1987. That was an 11-percent growth. And next to Spokane on the West Coast, had the greatest growth of airports on the West Coast.

There are 16 airlines that call on Portland on the passenger side, and 20 that serve on the cargo side.

Internationally, Delta has chosen Portland as its gateway to the Pacific and has realized some good success with that, we believe. David Zielke I'm sure will be commenting on that a little later.

Also on the international side, on the cargo side, Portland has been involved with securing Federal Express' authority to fly Portland to Japan four days a week with a DC-10 for small package service.

Domestically, Portland is set up in essence in a regional hub and spoke operation. There are 70 Horizon flights that operate into and out of Portland, and 35 United Express flights. That allows a regional network to develop of flights into and out of the Pacific Northwest, hubbing in Portland. Also service is available north out of Portland, and south down into California and Arizona, as well as feed going east to the major hubs that the airlines operate, whether it is Dallas, Denver, Chicago, or St. Louis.

The position paper that I have submitted really focuses on tourism and the Port's role within that. There are several areas that I would like to touch upon. One is the Port's role as it relates to economic development and tourism. The other one deals with sizing the tourism market, both on a national and local level. The third item is tourism is big business for small business, and I want to touch upon the small business aspects of tourism from our view.

A section that you had asked us to talk about and I have addressed in this paper; that is how the private and public sectors interface together. I will touch upon that in a moment.

Finally, the Port in relationship with some other organizations and companies in the area, is developing an international marketing plan. We have taken the liberty of attaching a draft of an international marketing plan for your review.

The first piece really deals with the Port of Portland's role as it relates to the international market. The strategy or the objective overall was to develop some international service out of Portland. And for the most part, even though the name in years past has been Portland International Airport, I think we have reached a little to identify it truly as an international airport.

The strategy was to try and position Portland as a candidate for gateway status. This goes back to 1986 and early 1987, for service to Tokyo. The success was in realizing that Delta brought their service originally at five days a week service, and now going to daily service, to Tokyo. In addition to that, Federal Express, as previously mentioned, hopefully will be starting service this month to Tokyo four days a week.

That has some impact, and it has some impact in terms of jobs. The Federal Express scenario in particular dealt with some 100 jobs that were brought into Portland because of that starter service, and an economic impact of $16 to $20 million because of the start of that service.

Portland is also expecting to receive the authority to serve 12 cities in Mexico. That is part of the bilateral discussions going on between the United States and the Mexican government today. Portland will be one of several gateways to receive status to fly to a dozen cities in Mexico. The Port's job will be to go out and market that to some airlines, encouraging them to start service in Portland and through to Mexico.

On the domestic side, and this impacts tourism as well, we have identified a void in terms of not having nonstop service to New York. The marketplace has told us there is a need to have that. We have not been successful in achieving that as yet. We are out with other airlines trying to court them and encourage them to come to town.

Chairman SKELTON. Mr. Phildius, we have some airline folks today we can ask that question of.

Mr. PHILDIUS. Thank you.

The other activity, or one of the other activities that the Port is involved with is to monitor fares that are available in the marketplace not only into and out of Portland, but other competing cities as well, whether it's Seattle or Los Angeles or San Francisco to make sure that we have the opportunity of pulling tourism traffic and dollars into Oregon as well as other markets.

Economic impact of some of these activities is really focused in a couple of areas. Number one is there's a $23 million expansion going on at Portland International Airport today both in FIS facilities and gate expansion to accommodate Delta's growth planned to begin July 1. There's a $2 million renovation that's going on in the terminal so that when tourists arrive they have access to shops and a friendly and comfortable environment to operate in. There is also a $14 million parking garage expansion that is going on today.

All those items are predicated on and realize the success in growing tourism into and out of Portland. So without the tourism impact, I don't think the Port and the community in general will be able to realize some of these growth opportunities. These growth opportunities translate to jobs and economic impact on the city and on the State.

In the paper that I submitted to you there was a section that dealt with deregulation. Basically, the scenario said that deregulation has been good for the industry, it's been good for tourists, and good for tourism. The FTC had identified some $100 billion of consumer savings realized because of deregulation. We think it's had an impact on not only the Nation but obviously on Portland as well. It has taken Portland from eight airlines calling on PDX in 1978 to 16 that are calling on Portland today.

We have also taken a look at sizing the tourism market. As Julie had talked about, indications are that it's a multi-billion dollar business for Oregon. It employs some 63,000 to 65,000 jobs in the State. Taxes are estimated to be around $25 million paid for tourism-related activities.

She talked about the biennium budget, the advertising budget that positions Oregon as 37th in the Nation among States in terms of advertising and promoting tourism. The Federal Government, as best we can determine, spends about $11 million a year to advertise and promote. The State of New York alone spends $21 million. To me, there is a bit of a disparity between what the States are spending and what the Federal Government is spending. I'll touch upon that in just a moment.

Tourism is big business and it's getting bigger. From our view, certainly this summer, the industry has forecasted a 5-percent growth in traffic. This summer there are 500 additional flights that are being added nationally to satisfy tourism demand. There are some 15,000 temporary jobs that have been added. So the outlook is bullish on tourism, both on a national level and on a local level.

It's also big business for small business. Tourism is affected by and influences attractions, hotels, motels, cleaning services, service stations, restaurants, and the list goes on. There are 300 travel agents in the State of Oregon that sell approximately $300 million worth of air travel and generate approximately $32 million worth of income. For the most part, travel agents are small business. They are shops that range from six people to 15 people. Tourism plays a significant part of that growth.

One additional area I would touch upon in the small business area and that is the concession area expansion at the airport is going to open up new concessions to come to town. Those will be the Powell Book Stores of Portland. There is also Mother Goose Shops, the barber shops, the shoe shines, all impacting small business. So as tourism grows, so does small business grow.

One last piece that I would like to share with you, and that is the interrelationship between the private and the public sector. What we have submitted to you in my document deals with an international marketing plan, an opportunity for Azumano Travel, Delta Airlines, the Port of Portland, the State, GPCBA to sit down together and identify a marketing opportunity, set some very definitive marketing goals, some strategies, some budgets that are being sought, all to go out and market our services in Japan, in particular. Given the degree of success we'd like to enlarge that to other Pacific Rim countries.

So the private and public sectors are working together, and there are opportunities to pursue, and they are being pursued.

Fuji Films is one additional opportunity that the Port of Portland has financially supported since the start of its filming here in 1984, and Sho Dozono with Azumano Travel I'm sure is going to touch on that. But that is another example of the Port being involved with the private sector in terms of growing tourism.

In summary, tourism is big business but it is also big business for small business. It is an opportunity for the Federal Government to work with State and local governments and municipalities and the private sector as well, to identify an opportunity to come and visit the United States and, specifically, come and visit Oregon. We would see, in my opinion, the Government and USTTA identify that umbrella and draw traffic into the United States, the State, and the private sector and the public organizations to focus their attentions on pulling traffic into Oregon.

One last example that in my opinion has worked well in the last two or three years, and that was the activity with Delta Airlines. Delta was a carrier that sought Pacific service. The Port of Portland and the community of Oregon sought Portland as an international gateway. United had the service. United flew it one day a week with a 747. When Delta started service United withdrew its service out of Portland. Delta has been successful in luring traffic into Oregon, but also using Oregon as its gateway to connect business to California and to the East and Midwest areas.

So Delta has done well with it. They have done well to the degree where they are starting on July 1 with non-stop service to Seoul and Taipei. It's good for Oregon, it's good for the community, it's good for the State to generate this additional visibility.

Thank you for the opportunity.

[Mr. Phildius' statement may be found in the appendix.]

Chairman SKELTON. Thank you so much.

Mr. Wyden.

Mr. WYDEN. Thank you, Mr. Chairman. Mr. Peterson, let me begin, if I might, with you. What has the Department of Travel and Tourism accomplished in the last year to promote Northwest tourism in world markets?

Mr. PETERSON. We have aggressively pursued discussions with the State of Washington, and the State of Oregon, and the States of Idaho and California along the lines of organizing as a region and sitting down as a region to begin working together to, first of all, identify the marketplace into which they would like to position the region. Number two, to identify some means of doing what we call product development, that is actually identifying the product that the region wants to put on the overseas shelf. Then beginning to work to develop a marketing plan and marketing strategy.

Unfortunately, I have to say that the degree of cooperation and the degree of willingness of the region, of the individual States to sit down and work with us to achieve that end, has not been, quite frankly, at a level that we see in Congressman Skelton's own region. For example, on Tuesday of this coming week the Heartlands Region which includes the States of Missouri, Iowa, and Kansas, will come together in a Regional Export Now Conference. Through that conference we will organize a regional marketing committee, and then we will organize out of that committee a marketing plan. We haven't had that kind of favorable response from this region, and before a region can go out or a State can go out and spend dollars in the overseas market, the State or the region has to come together and decide what it is they are going to put on the shelf; and what the strategy is to introduce that product in the marketplace.

Mr. WYDEN. Ms. Curtis, what would be your response to that? In my discussions with you and others, it seems to me you have identified the market, the Pacific Rim. You have determined the products, particularly outdoor-oriented kinds of things. I am curious what kind of reaction you have to what Mr. Peterson said, saying in effect it was the region's problem.

Ms. CURTIS. My comment would be, again to reiterate what I said previously was that we have identified the markets and we have identified the outdoor market particularly in Japan as one that we feel would be appropriate for Oregon. However, we do need additional research conducted or available to us to make some of those decisions. I think the Northwest is poised and ready to go. We would like to embark on some really targeted marketing efforts in that area. Our department, for instance, has a Japan office, a Seoul office, and is just opening a Taipei/Taiwan office. We have worked in the Japan office particularly with the USTTA representative in Tokyo who has been very helpful to us, so I think my comment would be we are poised on the edge of wanting to really develop some comprehensive marketing strategies in that area, and certainly our division is ready and willing to work with other cooperative entities, whether it is in the private or public sector, to create those opportunities and really get going.

Mr. WYDEN. You say you are poised and ready to go. Mr. Peterson seems to think otherwise. I guess my question at this point would be how many dollars have been devoted in the last year, Mr. Peterson, to trying to promote through the various things you list, particularly on page 12 of your testimony, Northwest tourism in world markets?

Mr. PETERSON. Congressman, I cannot give you the precise dollar amount, but I know that, for example, in our 1988 cooperative marketing plan we have at least nine cooperative programs that are either to be executed with the State or with various industry elements in the State.

Mr. WYDEN. In Oregon?

Mr. PETERSON. In Oregon.

Mr. WYDEN. Could you tell us a little bit about some of those?

Mr. PETERSON. They are largely travel agent and journalist "fam" opportunities. They are some minimal print media advertising cooperative efforts, and those efforts are being undertaken in the Canadian market, in the Japanese market, and in the European market.

Mr. WYDEN. Because that was my understanding those were the projects that were underway as part of this budget. You expect to be able to complete all of those, such as the effort to help journalists and the like. That will all be done in 1988?

Mr. PETERSON. To answer your question, yes. We will execute all of those cooperative efforts. But those are cooperative efforts which, quite frankly, are foundation kinds of efforts. You have to have an awareness and a familiarization with the trade and with the industry press before you can ever hope to have the consumer's awareness and the consumer's willingness to buy. We carry on those kinds of programs as a fundamental effort in all regions of the United States. But certainly we will carry out those programs, and they will be carried out to their maximum effectiveness for this region and this State as well.

Mr. WYDEN. Ms. Curtis, what do you think about those programs? Will those be helpful to you? What is your reaction to those programs?

Ms. **Curtis**. I think they are helpful, yes. However, we would like to see more of a cooperative effort developed between the States and the USTTA and other entities, as I said before, similar to the New England promotion where we are actually developing targeted marketing plans. We have some dollars to go into some of those markets that are very, very competitive, and it is very easy to waste money there, so we need to have some really comprehensive research to tell us what is going on there, what the travelers are doing, target some of those markets in the Pacific Rim particularly, and cooperative efforts are great.

We need some dollars. I think the State Tourism Division and the other entities that are involved in marketing the Pacific Northwest would like to see some more of these cooperative kinds of arrangements and to encourage the Federal Government to take a look at the USTTA's budget, to increase it to be a more competitive budget worldwide. And even within our own country, as Mr. Phildius commented, we have States that have budgets that are twice as big. The reality is that they do not have those marketing funds, and we would definitely propose and encourage that the Federal Government take a really hard look at increasing that budget.

I think we could do a lot more, and I think everybody in this region, in Oregon particularly, is ready to sit down and devise some targeted plans and to go forward, but we need to have that partnership established with funding.

Mr. **Wyden**. I think you make a number of good points. This budget issue, of course, breaks down two ways. One would be a question of reordering our priorities. My own view is maybe we could spend a little bit less on some of these cost overruns at the Pentagon and the like, and a little bit more on some of our domestic needs. But that is a question of future dollars.

The question that I think more specifically faces us today is a question of fairness within today's existing budget. I do not happen to think the Northwest has gotten a fair shake compared to the New England States. Do you agree with that?

Ms. **Curtis**. I would say we would hope there would be more emphasis today, as well as in the future, on looking at the Pacific Northwest as a vast potential for increasing expenditures in our region and helping our local economies through travel expenditures. I think some of the programs that have happened in other areas of the State are very successful. We would hope that the USTTA and Federal Government would look at modeling a program or programs in the Pacific Northwest based on those very successful partnerships. We are more than willing to try to put those kinds of partnerships together.

Mr. **Wyden**. Do you perceive, Ms. Curtis, that there is a problem getting the Northwest States together in a cooperative effort as Mr. Peterson is talking about?

Ms. **Curtis**. No; I don't. We have already quite a well-run organization called the New West Coast Playground that is a cooperative effort that is currently taking place in the Northwest Region. As I said previously, we have not had the kind of funding to do the kinds of marketing and advertising campaign kinds of programs we would like to do. We have done some successful trade shows and special "fam" tours and trade missions with particularly Japanese and England representatives coming over to our area and also us going to Japan and to Great Britain. So I think my comment would be that the Northwest States are quite cooperative currently.

Mr. **Wyden**. Mr. Peterson, obviously there is a difference of opinion here. You do not think we are ready to go, and we are hearing from the State that they are. I guess what I am convinced of, and setting that question aside, is we don't get a fair shake in terms of the dollar allocation.

You have $60,000 as I understand it, committed to that New England promotion package at this point. Wouldn't it be possible in the name of giving a fair shake to Oregon and the Northwest to give a few thousand dollars to Ms. Curtis, say, so they can go on with some of their efforts to do the data analysis they are talking about? We aren't talking about giving them as much, but just a few dollars in the name of giving Oregon a fair shake.

Mr. **Peterson**. Congressman, we didn't give New England anything that they didn't earn to the extent that they are about 10 light years ahead of this region in terms of positioning and marketing themselves in the overseas market. They have done all of the fundamental things that were necessary then to proceed to the next step which is to undertake the consumer awareness effort.

Ms. Curtis identified that the State needs assistance in research. That is, the most fundamental thing that any entity has to do before they can even begin to either identify the product to put on the shelf or to market that product on the shelf. Our research department has already executed the research. We have provided to the State and to your office as well a number of the research products that we have done including this extensive study on the pleasure travel market to North America from Japan. That is a very key and fundamental type of research that the State needs in order to identify what its potential niche in the market could be and how to take advantage of that niche.

Ms. Curtis identified that she wishes we would undertake a cooperative relationship to provide some guidance and to help develop an overseas marketing plan. Well that goes back to what I said a few moments ago about the kind of Export Now Conference that we are doing in Missouri and that we have done in other areas of the country. We have made the offer to do it here in the Northwest, and so far we haven't had a willing taker. Phil Keen in Washington says I want to do it this way, the State Travel Director in Oregon says I want to do it this way, the State Travel Director says we want to do it another way. The regional directors have not been able to come together to a meeting of the mind as to how they want to proceed. Until that happens all USTTA can do is say come on guys, get it together, we're ready and willing to come in when you want us, but we can't drag you kicking and screaming to the table and force you to do something that you are not willing or able to do.

The third element is, of course, the commitment of dollars. Now in the case of New England, in the case of the New York/New Jersey gateway, and in the case of the Great Lakes region and Chicago, in all of those areas, they have gone through all of those fundamental steps. They have gone to the extent of putting together the international marketing program; of identifying the specific product; identifying the specific niche; and coming to us with a set program saying here is our program, this is where we would like to go, do you agree, and is there some ability of USTTA to help us put some seed money into this and bring the other cooperative partners to the table. That is why the money has gone to New England, and that is why the money has gone to the Great Lakes region, and to the New York/New Jersey gateway.

I will also give you a fine example of another cooperative program right to your neighbor to the south, California, where USTTA did not put any money into their cooperative effort, but we did provide them all of the fundamentals and some of the materials which then they fashioned and execute as a cooperate USTTA-California overseas campaign, and that is a brand new television advertising program which they and a number of cooperative partners are executing now in Great Britain, and there is not a dollar of USTTA money in the program. There is, however, a lot of USTTA research and a lot of the fundamental tools that go together to make a successful program.

So I see here by the wish list that the State has provided us this morning that there are a number of things that they are asking that we come together and help with. We are ready, willing, and able to do it, but as far as the commitment of actual dollars of $1,000 or $2,000 or $40,000 or whatever, we are not going to put the money in until we have an agreement from the State and from the region that indeed here is the cooperative program that we want to go forward with and it is based on all of these fundamentals and based on this homework that has been accomplished.

Mr. WYDEN. Well I don't want to turn this into Bill Buckley's "Point/Counterpoint," but Ms. Curtis, I thought maybe you might want to respond to that.

Ms. CURTIS. I think Keith has a few comments to make.

Mr. PHILDIUS. May I?

Mr. WYDEN. Sure.

Mr. PHILDIUS. I guess there are a couple of things that come to my mind. One is there is an effort between Washington and Oregon to sit down and develop a comprehensive marketing plan. There is a meeting set for Kelso later on this month where the Port, GPCVA, the State, and their counterparts in Washington will be sitting down and going through that. So to say that we are not getting our act together, I am sure, is probably an overstatement.

I think the fundamental information that is needed, and continues to be needed, is some basic research on sizing the market. We know what products we have to take to the Japan market, as an example. What we need is the research that allows us to identify what sized market that is, whether it is wind sailing or surfing, and so forth, and I'm not sure if this information cuts it that fine. I don't believe it does.

So the point is that we need that type of information, that type of detailed information, because Oregon is not New York and is not Massachusetts and is not Illinois in terms of population, in terms of identity.

So we know the marketing niche that we're going after and I think that was supported in the documentation provided. What we need is some research, some seed money, if you would, to help us get started. And I don't think it is an unrealistic request.

Mr. **Wyden**. I certainly don't either, Keith, and I think the last comment that Mr. Peterson made by comparing Oregon to California simply isn't reasonable and reflects a misunderstanding of what this tourism issue is all about. The California budget probably is as large as that of some small countries. Oregon is a tiny fraction of that size and to have those kinds of resources just isn't in the cards.

I am not going to belabor this any longer. I have made it clear that I don't think we're getting a fair shake, particularly in comparison to New England. What I'm going to do is try to convene one final meeting between USTTA, Oregon, and Washington. We are going to all stay in that room until we finish this plan and we go out and put it in place. I think that this has gone on for too long. The fact of the matter is that the dollars have not been put there. The State has asked for several things which are really small by way of the resources being put into other markets and after a year of looking at this, to compare this to the California market I think does not reflect the kind of understanding it's going to take for Oregon to be promoted in world markets.

Mr. **Peterson**. Congressman, the point with regard to Oregon was simply the point that there are cooperative efforts that don't require vast sums of money or any sums of money. There are a number of fundamental steps that have to be taken. I am delighted to hear there is going to be a meeting in Kelso between the two States and the convention and visitor bureaus to begin laying the groundwork. I would sincerely hope that at the conclusion of that meeting they put together a precise checklist of what it is they would like by way of assistance and not just a grab bag of money from USTTA, because I'll tell you quite frankly, I doubt very seriously, particularly given what the House is about to do with regard to USTTA's budget for 1989, I doubt very seriously there is going to be any money for New England, Illinois, California, or anybody including Oregon.

Mr. **Wyden**. I just think that's unfair to say that Oregon has asked for a grab bag of money from the U.S. Travel and Tourism Department. I think that is very unfair.

Keith, when will that meeting be held in Kelso?

Mr. **Phildius**. I believe it's June 16th.

Mr. **Wyden**. Would you think that some time shortly after that we could have a meeting with the two States and USTTA to try to put in place something that's realistic and get it in place as quickly as possible?

Mr. **Phildius**. I do.

Mr. **Wyden**. Mr. Peterson, I assume that the Commerce Department will come again. There has not been any problem getting those meetings in the past. The Department will come?

Mr. **Peterson**. Congressman, we have always made ourselves available to work with you and to pursue a constructive working relationship. I would certainly hope that constructive relationship would go forward.

Mr. **Wyden**. What do you think would be realistic after that June meeting, Keith, in terms of trying to sit down with the Department? I will come to that and try to finish this up.

Mr. **Phildius**. I would hope that within four weeks after the meeting we would be in a position to sit down with a marketing plan and discuss it with you and USTTA.

Mr. **Wyden**. Do you have any problem with that, Mr. Peterson?

Mr. **Peterson**. I have no problem with that, Congressman. As I said in my testimony, I think it's overdue. We have been pushing. It's time for the rubber to hit the road, because quite frankly, we want to see Oregon Export Now.

Mr. **Wyden**. We'll aim then for some time around the middle of July for this meeting. I want to tell you, Ms. Curtis, and the other Oregonians, we're going to stay with this until it gets done. We have taken note that some things, particularly those projects that you listed, Mr. Peterson, have taken place. I think the one for the journalists and the travel writers and those kinds of projects will be of some help, and Ms. Kennedy and others have said it was. But boy, there's a lot to do. Particularly right now, as I said in my opening statement, with that soft dollar. This is such a promising, promising time, and we can build a market that will be here for all time, and we ought to do it.

I have only one other question, Mr. Chairman. I'll be brief, and you've been kind to give me the time.

With respect to the nonstop service to the East, Keith, this is something I have worked on and been very interested in. I think to have nonstop service would really be a draw. My sense is we have a chicken and egg sort of problem. We're trying to get the airlines to give us nonstop service and they're saying, with some legitimacy, show us where the market is going to be. Recently the Chamber of Commerce put out a notice, you probably saw it in one of their publications, that I asked for, to try and see what kind of interest there would be in terms of nonstop service.

At this point, nonstop service has been gone for so long that people aren't sure they're ever going to get it. I think if we can, through what you're doing, make this a two-way sort of project, we've got to press the airlines for nonstop service, go out to the community and get our own community to show that it will be used and that there will be an ongoing diet of travelers going nonstop. It's going to have to be that kind of two-step process. Having been at this now for a few months myself, I wondered what you thought of that.

Mr. **Phildius**. I absolutely agree. The size of the market today, Portland-New York, is probably in the neighborhood of 150 passengers a day on an average. For a carrier to come in and fly a large aircraft, a DC-10, 747, it's just not economically feasible for them to do that. We recognize that. The 767 that Boeing has in the marketplace today, the 757, the 737-300 now has transcontinental range. They have less seats, and therefore more adapted to a market like Portland-New York. We have used that approach just within the last three or four weeks in going to the carriers and seeking out that market.

I think the marketplace has been conditioned to no nonstops. They haven't accepted it totally. We met with travel agents a month ago and it was one of these [witness makes pounding noise] on the chest saying when are you going to get a nonstop to New York? So it hasn't gone away. I think the corporate community would support it as well.

But it's going to take that effort, that congressional effort, that corporate community effort, and the public sector to rally that point. Agreed.

Mr. WYDEN. With respect to your discussions with the airlines, have they been talking about any specific things they would need besides the proof of the market being there? They haven't talked about subsidies or things of that nature, have they?

Mr. PHILDIUS. It's been discussed. Subsidy. I won't say subsidy, well, I probably would say subsidy. A guarantee, perhaps a minimum guarantee of revenue in a given market. That is something that has been done in Gunnison, CO. It's been done in Redmond, OR, here.

Mr. WYDEN. With a guarantee kind of concept does that mean if you don't get the number of people allocated for the nonstop flight that somebody has to pick it up?

Mr. PHILDIUS. Correct.

Mr. WYDEN. Who would that be?

Mr. PHILDIUS. That's under negotiation. I don't know whether the Port plays a role with that, whether the community plays a role with that, whether the chamber, and so forth.

Mr. WYDEN. I would be really reluctant to go that subsidy route at this point. I think if we really push and really hustle we can build the market out there on a voluntary kind of basis because I think we get into really uncharted terrain about subsidies. I gather you agree with that.

Mr. PHILDIUS. Yes. That's the least desirable.

Mr. WYDEN. Mr. Chairman, thank you.

Chairman SKELTON. Thank you.

Very briefly, Mr. Peterson, do you have figures or statistics regarding our market share of international tourism for the last year or two?

Mr. PETERSON. You mean the share the United States holds of the world market?

Chairman SKELTON. Yes.

Mr. PETERSON. We hold a share of about 10.5 percent.

Chairman SKELTON. Is that rising or falling?

Mr. PETERSON. It is rising from where it was in 1984. It's not as high as it was at the end of the 1970's. At one point in 1979, 1980 we were at about 13 percent of the world market, and it's taken a dip, but it's on the rise again.

Chairman SKELTON. For the record, would you be kind enough to list, say beginning 1978 to the most recent figures that you have, percentages of the world market in a letter to supplement your testimony?

Mr. PETERSON. Yes, I'd be happy to provide that to the subcommittee.

Chairman SKELTON. Mr. Peterson, Wednesday we'll hear testimony on an instance where a Canadian cruise ship filled with tourists was held up in the Portland port for some three hours waiting to clear customs and INS. As a result of the delay in allowing them to come in, which was a tourism operation, the cruise ship company said they will not be back because of problems that they had. I know, you're shaking your head, I'm shaking my head, too.

Do you get involved with this sort of thing? In other words, the agency's do not communicate. The left hand doesn't know what the right hand is doing. You and I are working and I know you're working hard, and I know you are so sincere and I've seen the results of your efforts, to get people to come and then when they're held up some three hours in a port when they want to come here and spend money, by the Customs and the INS, I'm disappointed. I know you are, too. But does your agency have any oversight on this?

Mr. PETERSON. We have, I guess you could say, an oversight responsibility. Unfortunately, we don't have anything more than oversight in this area. We have a tourism policy council which is an interagency working group.

Chairman SKELTON. Does it include those people?

Mr. PETERSON. It includes Customs and Immigration. It includes the representatives from Treasury and from the Justice Department at the Secretariat level, too. We also participate in a facilitation committee which is a combination of INS, Customs, and the airlines. Through those two entities we have aggressively attempted to push Customs and Immigration into a corner on these matters.

There seems to be, however, a mentality within INS and Customs which is directed more at trying to inconvenience people than trying to facilitate people, and it has, quite frankly, I think, risen to a point of some considerable international embarrassment.

During National Tourism Week, for example, Mr. Chairman, I had the opportunity to participate in a joint U.S.-Canadian celebration of National Tourism Week because Canada celebrated its week at the same time we did. To commemorate that event Mr. Valcore of Canada and myself arranged a ceremony at the Peace Bridge between Buffalo and Fort Erie in Canada. We were going to honor the Customs and Immigration people from both sides as the two nations' front line ambassadors.

The Canadians were extremely eager and willing to participate while the U.S. Customs and Immigration people not only were unwilling to participate, but they took the position and attitude that any sort of even minimal recognition of the service they provide would be interpreted as some sort of ethical conflict. So therefore, they virtually boycotted the whole thing, and Minister Valcore was, I think, quite appropriate in noting the attitude of U.S. Customs and Immigration towards even that minimal ceremony, and in my response to the Minister I acknowledged on behalf of the U.S. Government that indeed this was a problem, and that at least from the standpoint of my agency, we accepted his challenge to try to work harder to improve that situation in the future.

Chairman SKELTON. Eric, at this instance in Portland, I am reminded of the three big lies. The one is, "I don't give at home, I give at the office." The second is, "The check is in the mail." And the third is, "I'm from the Federal Government, and I'm here to help you."

Mr. PETERSON. Exactly.

Chairman **Skelton**. It is dismaying to see this happen.

Along that same line I recently sent a strong letter to the Secretary of State indicating the serious problems we're having in processing visas in foreign countries, particularly in Europe. It seems you are working and we are working to want to cause people to come to America, to see America, and of course to spend their money in America, and the other agencies are doing their best to throw roadblocks in the path. We're going to have to do something along this line so that we're all working together and pulling in the same direction.

Mr. **Peterson**. It's one of those age-old governmental policy conflicts not unlike that which exists between the health care sector and the agricultural sector where you have on the one hand programs that have historically promoted the growing of certain agricultural products which are later determined to be harmful to one's health; and then ultimately the Congress has to step in and sort out the policy. I would sincerely hope the Congress would take this bull by the horns.

Chairman **Skelton**. I intend to do that. That's why my bill to call for a Blue Ribbon Panel appointed by the President to establish a national tourism policy is so very, very important.

Thank you all so much for coming and testifying. It's been very helpful and very informative. We're going to get there.

I'll ask the next panel to come up, and Mr. Peterson, please don't leave. I realize you have to catch a plane, but I'd like to chat with you just a minute before you leave.

Mr. **Peterson**. Very fine.

Chairman **Skelton**. Panel Two. Meaghan Dobert, Executive Director of the Central Oregon Recreation Association. Eleanor Sheldon, Tourism Marketing Director, Greater Portland Convention and Visitors Associations. Keith Petrie, Executive Director of Mount Hood Recreation Association. David Zielke, Portland Marketing Director, Delta Airlines.

Mr. Wyden, I will ask you to take over the hearing for a few moments, please.

Mr. **Wyden**. Yes, indeed.

We welcome all our witnesses, and I've had a chance to work with this excellent panel before. We'll put your prepared remarks into the record in their entirety, and if you all could summarize your key concerns that will leave us plenty of time.

Why don't we begin with you, if we may, Mr. Zielke? If you can summarize your key concerns, that would be helpful.

TESTIMONY OF DAVID ZIELKE, PORTLAND MARKETING DIRECTOR, DELTA AIRLINES, PORTLAND, OR

Mr. **Zielke**. Good morning, and Merv Dullum says hello to Ike and you.

My name is David Zielke. I'm the marketing manager for Delta Airlines here in Portland.

Delta Airlines has 55,000 employees and 378 aircraft and flies to 154 cities throughout the world including 11 foreign countries. Delta will generate in excess of $7 billion in passenger revenue in 1988. We carry in excess of 52 million passengers.

Delta selected Portland as its gateway to the Pacific Rim with nonstop daily service to Tokyo. As of July 1 we'll have nonstop daily service to Seoul, and direct daily service to Taipei/Taiwan.

In terms of the economic importance of tourism to Delta Airlines, assuming that approximately 40 percent of our traffic is leisure, that would indicate that of the 52 million passengers, over 20 million of those are traveling on leisure business, and anticipating that those leisure travelers generate 30 percent of Delta revenues annually, that's in excess of $2 billion in revenues generated by leisure travel.

Delta recognizes the demand for leisure travel throughout the world, traveling to key destinations in Mexico, the Caribbean, Orlando, California. To Hawaii alone, Delta flies over 2,000 seats daily between five gateways. Delta has the affiliation with Walt Disney World as the official airline, and we have a multi-million dollar, 15-year marketing agreement with them. The demand into Orlando, the Disney World product, has allowed us to increase daily service dramatically into there including nonstop Frankfurt service.

The ski business is an important leisure product of Delta Airlines, which flies to all the major ski destinations in North America including Western Canada. The shuttle planning guide by Ski USA, Delta worked closely with them and was able to generate a section featuring Oregon and a vacation into Mt. Bachelor, information into Mt. Bachelor.

Our current proposed efforts to attract tourists, currently Delta spends a significant amount of its overall advertising budget to promote leisure business throughout the world. This is done in various mediums including radio, television, print, billboard, travel trade, and so forth. Delta spends significant dollars in cooping tour product development throughout the world.

I've included a couple of examples. This is one, Delta Dream Vacations to Japan, working with JTB, TBI. There are some additional vacation products such as the Korsale which is a ski subsidiary of JTB. There is a package to Timberline Lodge in which Delta underwrites the development of that tour product. There was an anniversary tour developed by Delta, OTA with a tour operator in Japan to bring in tourists this last April and May into Oregon, and as a tour product Delta again was involved in underwriting that particular product. The tour itself was featured in a Tokyo newspaper and there was a full page ad that Delta ran that included a tour to Oregon as well as a tour to Orlando. An additional Delta Dream Vacation, I just included some sample products for that.

Delta works closely with bringing in "fam" trips domestically and internationally throughout the world. In 1987 Delta had over 1,000 "fam" trips implemented, carrying over 18,000 participants. That includes Meeting Planner Association executives, tour operators, commercial accounts, travel agents. In fact, currently there are 35 Meeting Planner Association executives in Portland on a Meeting Planner Association executive "fam" trip and Delta participated by flying all of those people into Portland.

We have flown over 200 travel agents and commercial accounts and tour operators from Japan into Portland, including 15 just last week. In fact, Delta has established a policy, all in-bound "fam" *trips from Japan must include a Portland stop-over in order to expose them to the quality product that we have to offer here.*

Delta flies travel writers consistently throughout the world to develop additional literature to promote products. We have brought several travel writers into Oregon. We have participated heavily in Oregon's Love filming, bringing all the cast and crew in, and that will be done again this summer in 1988.

The "International Story" is a magazine that's distributed on all of our international flights, and it includes a feature of all of our international destinations as well as our domestic hubs and there's a feature article about Portland, OR in there.

We have full-time marketing staffs available in Japan, Taipei, and Taiwan including reservation offices developing and promoting marketing and sales efforts to promote business on Delta to our destinations.

In terms of proposed activities, we're going to be bringing in 30 key tour operators into Oregon this fall to promote additional business and tour product development. We work closely, as Keith Phildius mentioned, I'm sitting on an ad hoc committee with him and Sho Dozono, El Sheldon, and Debbie Kennedy to formulate an inbound tourism marketing plan from Japan. We participate heavily in trade shows throughout the world including ones in Japan, Berlin, London, Hong Kong, and the United States.

In terms of the adequacy of the cooperative efforts of local, State, and Federal governments, Delta is very supportive of the efforts of USTTA to this point. Talking to our people in our corporate office, we feel as though under the recent direction of Don Tuttle that it's been a "can do" organization, and Delta is supportive and feels as though they've been doing a good job.

We would be supportive of a Blue Ribbon Presidential Commission and feel that should focus and formulate within the USTTA umbrella as well as State and regional organizations.

Delta is actively involved in supporting local, State, regional, and Federal efforts to promote tourism such as GPCVA here locally, the State of Oregon Tourism Department. Another example on a regional basis would be Travel South which includes Georgia and some of the surrounding States.

Delta has a senior citizens program called Young At Heart which is a key market for Delta in terms of generating incremental leisure traffic for us.

In terms of providing air service from an international destination to a U.S. point, can produce additional significant travelers inbetween those two points. On my report here it shows an example, London to Atlanta, the number of passengers traveling between those two points before Delta service was 11,000; the year following it was 55,000. Frankfurt, the year before Delta started service was 5,000 a year; afterwards 32,000. So a couple of examples of the potential increased travel inbetween those two points for leisure and business opportunities.

Chairman SKELTON. Let me interrupt you. Unfortunately, I turn into a pumpkin around 1:00 o'clock and we were hoping to have all the witnesses testify, but we also have some questions. So I would urge each of you, it's already been accepted that your full statements will be included in the record. If you can abbreviate those statements just a bit we'll be much appreciative.

Mr. **Zielke**. Did I already go over my 10 minutes?

Chairman **Skelton**. Yes.

Mr. **Zielke**. Oh, OK. Let me quickly wrap it up then. I apologize. We all get excited about what we're personally involved with.

Between Portland and Tokyo before our service there was approximately 11,000 passengers traveling between those two points; in the year that Delta started service there were 21,000 passengers traveling between Tokyo and Portland.

What I wanted to point out is that the service between an international point and Portland, as an example, generates additional traffic.

A study that I've included from the Visitor and Convention, or the Chamber of Commerce in Georgia does an excellent job of showing that in terms of the direct impact of the economic impact into a community such as the $20 million the Delta payroll will generate in 1988; the in excess of $1 million in landing fees; the indirect effect in terms of the revenues spent by those passengers; as well as the additional economic development in terms of companies such as Fujitsu which have expanded by $30 million an expansion into Gresham. Adding all those together indicates that there is a significant amount of economic development that is a by-product of air service between an international destination and a city such as Atlanta or Portland.

I'll stop right there.

[Mr. Zielke's statement may be found in the appendix.]

TESTIMONY OF KEITH PETRIE, EXECUTIVE DIRECTOR, MOUNT HOOD RECREATION ASSOCIATION, WELCHES, OR

Mr. **Petrie**. Mr. Chairman, I represent a very small marketing association. We look to the State of Oregon and the GPCVA, who I believe are doing a good job, to reach out to that national and international market.

Getting to the bottom line, we are small. We look very much at our mom and pop operations, which the average size of our business employs six or seven people. I do want to comment to Mr. Wyden that we do have a revised update of the University of Oregon's report which we think is an excellent opportunity for small organizations and businesses like us to get research work done. The research that we've talked about today, USTTA, are all so broad and vague that doesn't become very meaningful to us as far as a useful tool. We want to know what's happening here at home. The University of Oregon and the Oregon State Tourism Institute are fine types of that facility that are available to us.

There are three elements to the tourism business, really. First you have to get them there; you have to have something to do with them when they're there; and you need a bed for them to stay in. We have the attractions here that the national/international destinations desire.

Our transportation system, both ground transportation, buses, transportation from the airport to the market are virtually non-existent. Our highway system is completely inadequate to carry the volume of people here. We look forward to making a serious bid on the Winter Olympics. We're going to have to do a lot of highway work from not only Portland but all the way to Central Oregon where we hope that some of the events will be staged, so we have a transportation problem. The biggest problem: The Federal budget on highway construction. Our State comes back saying they're not getting the dollars they used to. So I think we have to look at that, and in terms of setting priorities for expanding those highway dollars to the State, what does come our way.

The second is housing. We are basically on Forest Service land, most of our attractions. The Forest Service policies of building and operating housing facilities is just not adequate, so it's not a good investment from the private enterprise standpoint. So this needs to be addressed. We understand that they are approaching us with a new recreational strategy. We hope some of those answers may come in that. We hope you will help us get those positive answers.

The third and probably the most important thing is the Mount Hood Forest Plan which is currently in that process. We are asking in our proposal, which I'll have copies for you and your staff, Mr. Wyden and Mr. Skelton, we're asking that the Mount Hood area that was originally dedicated in 1926 by a land classification order as a recreation area be maintained, and the historical management over the last 50 or 60 years be continued. The Forest Service Plan literally does not address recreation, developed and dispersed recreation at all.

Mr. WYDEN. Excuse me, Mr. Chairman. May I interrupt for one second?

Chairman SKELTON. Yes; you may.

Mr. WYDEN. They don't bring up in that plan recreation at all?

Mr. PETRIE. They bring it up some, but it is so lost in the plan it's hard to find.

Mr. WYDEN. So your hope is that as the draft plan goes forward they will specifically address some of the recreation issues?

Mr. PETRIE. That's right. On the map that your staff asked me to provide, I'll point out to you later, the long white tape there, that's the area that was originally dedicated in 1926. We believe it should be a special use area, recreation. And then everything else falls under that recreation.

Mr. WYDEN. Is that issue addressed pro or con in the draft plan?

Mr. PETRIE. It's hardly addressed at all. The movement is away from it remaining a true dedicated recreation area. We think the historical significance and previous management policies, as I say, four revised plans since that date all have been along that way, and now it seems to be covered over with so many issues that true recreation, and particularly developed recreation, the concept that ski areas should not expand beyond existing boundaries, that there is an adequate facility to meet the future needs looking 20–30 years ahead is just not correct. The housing issues then goes with that to have those housing units on Forest Service land.

That is the bottom line of our message. That's the key thing. And all those day visitors that come up to use the picnic facilities, the campgrounds and stuff, they're the ones, the Inn-Between, the Barlow Lodge, they are the ones that these people stop at because they have had their day's experience in the forest, then it's those mom and pop operations that get that dollar spent in their establishment when they're coming home. We don't have the facilities on the Forest Service lands to do it, and I don't think they have an adequate budget to do the job. Certainly that budget and priorities need to be looked at. But we've got to get our campgrounds built back up. We've got to get our trail systems maintained. We're already experiencing overuse of wilderness areas. That whole issue needs to be looked at. That's the bottom line to my testimony, sir.

Chairman SKELTON. Thank you, Keith.

[Mr. Petrie's statement may be found in the appendix.]

TESTIMONY OF ELEANOR SHELDEN, TOURISM MARKETING DIRECTOR, GREATER PORTLAND CONVENTION AND VISITORS' ASSOCIATION, PORTLAND, OR

Ms. SHELDEN. Good afternoon, Mr. Chairman and Congressman Wyden.

I am El Shelden. I am the Director of Tourism for the Greater Portland Convention and Visitors' Association. I want to thank you for inviting me here today to participate in this hearing, and to testify regarding tourism and the economy. I want to commend you for recognizing the importance of tourism to our Nation's economy and particularly the role international tourism efforts can play in bringing foreign dollars to the United States.

I have submitted my written testimony and would like to supplement that testimony with some comments here today and would be happy to answer any questions regarding my written testimony in a moment.

The comments I would like to make really deal with the tourism industry in general, and then specifically some of the needs we have from the Federal Government.

I think what is really important here for us is to define what we mean by the tourism industry. When I say the word tourist, probably everyone gets that vision in their mind of the Hawaiian shirt, sunglasses, the camera around the neck, and the kids in tow. In actuality, I believe that the industry is much broader than this typical vision that we get of the tourist.

By definition, a tourist, or as I would prefer to call it, a visitor, is anyone who travels more than 100 miles away from home for any purpose, and stays over at least one night. I would further contend that anyone traveling to Portland, for example, whether that person is from Medford or from Minneapolis, deserves and needs the same level of services, considerations, information, and so forth

Similarly, a person traveling for business needs has the same needs for services, considerations, information as someone who is traveling to attend a convention or a meeting, or someone who is traveling to visit friends or relatives, or someone who is traveling purely for vacation and relaxation.

I would therefore propose that we try to all work together to rename this tourism industry the visitor industry, because in actuality, that is what we are talking about. Taking care of, managing, working with, and handling visitors to our communities, our States, our regions, our country.

Second, I think we must realize that the visitor industry touches virtually every aspect of our economy. I think just this fact alone is what makes it so difficult to comprehend the vastness of its impact. We cannot go to a factory and watch a visitor be made the way we can watch logs be turned into paper.

The visitor industry is probably the purest example we have of the joining of the service industry along with our traditional manufacturing industries. As an example, the visitor industry requires paper products for the printing of our brochures, as David has shown you just a moment ago. We require sheets and towels for our hotel rooms, and placemats and table cloths and napkins for our restaurants. We require building materials and skilled labor for construction of attractions in convention centers. We require fuel for cars, for buses, for airplanes. We require film for cameras. We require food in restaurants. All of those industries that have been typically identified as our basic, traditional industries are very impacted by the visitor industry. So as we work together to develop this industry we must all come from this type of a perspective, I believe, in order to be fully successful.

In terms of the Federal Government's role, it's been suggested that a Presidential Commission be established to spend a year, take some time, look at coming forth with a new national tourism policy. While Mr. Peterson has pointed out that our current policy is about 7 years old, I would really question whether we need a policy right now or do we need a plan of action? I would really propose that we need a plan of action, a comprehensive national visitor industry strategy, and that is really what we need now.

Chairman SKELTON. As suggested in my bill for a tourism policy.

Ms. SHELDEN. I have not had an opportunity to see your bill, sir.

Chairman SKELTON. You must read it. It's excellent. [Laughter.] Thank you.

I also feel that we have the people and the organizations in place now to develop this plan. I would suggest that the United States Travel and Tourism Administration be directed to oversee the development of the plan but in cooperation with, and I cannot stress enough, in cooperation with the other organizations and associations that are in place now. These include groups such as the National Tour Association, the Association of State Travel Directors, the International Association of Convention and Visitors Bureaus, the Travel and Tourism Research Association, and so forth. There are groups, there are organizations out there now that have brought the industry together, that are working together. We need the Federal Government to come in and be a partner in that effort.

We also, and Mr. Peterson also pointed out, that there are a variety of programs that they have developed in cooperative efforts that are part of their 1988 program. I found what is very interesting as I look at that program, there are items there that list Oregon as a participant and it was not until I read the book that I realized that Oregon was a participant in these programs.

As I've mentioned, they've gone, they've done this program, they've said this is what we're going to do for Oregon, they have done that alone and by themselves. I'm sorry I didn't have an opportunity to speak with Mr. Peterson about this personally.

The research issue was brought up earlier. Mr. Peterson produced here this morning a research document that supposedly has all the answers in it regarding that information that we need to make decisions in the international marketplace. This was the first time I had heard about that research document. If it is available we don't know it's available. If it is available, it may be available for a price, we have to pay the price first and then get it, not knowing whether it's going to be worthwhile for our use or not.

I would contend further, that some of the research that we need, as Mr. Phildius mentioned, we need to know numbers. That is how many wind surfers are there in the Japanese marketplace? How many hikers? How many people who would enjoy outdoor adventures that we might bring here? But we also need to know how do we reach those people? How do we convince them that, yes, in fact they might like to come to Oregon and see what it is that we have.

I also feel it's essential, and it's been brought up here earlier, that it's essential for USTTA that if, in fact, we want them to be the leaders and to help and work with the visitor industry here in the United States, that they need to have proper and adequate funding to do the job. We've seen offices closed overseas. Right now in Japan there is not an office where a Japanese person can walk in and just pick up any literature that we might produce or prepare or try to put on the shelf over there. Those offices have closed because of budget restrictions. That makes it very difficult for us to go and sell our product.

In my written remarks I have outlined what I call the six principal program elements that are necessary to craft a comprehensive visitor strategy. These elements include an assessment of our current attraction resources, research and information, visitors services, transportation, marketing and promotion, and attraction development. As we look to the development of a Federal or a broad nationwide effort, I very strongly feel that these elements must be addressed and the role that the Federal Government plans to play in each one of those elements.

Again, I thank you for the opportunity to participate, and I would be happy to answer your questions.

Chairman SKELTON. Thank you so much.

[Ms. Shelden's statement may be found in the appendix.]

TESTIMONY OF MEAGHAN DOBERT, EXECUTIVE DIRECTOR, CENTRAL OREGON RECREATION ASSOCIATION, BEND, OR

Ms. DOBERT. Good afternoon Mr. Chairman and Congressman Wyden. I am Meaghan Dobert, the executive director of the Central Oregon Recreation Association. We are a tri-county small regional marketing organization on the east side of the Cascades, headquartered in Bend, OR.

I am here today to tell you about the successes that we have experienced as a small region, and what we believe the State and Federal tourism promotion roles to be. I will take about five minutes of your time.

The recreation association, CORA, was founded in 1970 and is best described as a marketing cooperative in the true sense of the word. The association promotes tourism, travel, recreation, and economic development through media advertising, special promotions, and service to the travel industry. The Association believes in tourism as one means as an end of a diverse economic base.

Since late 1986, CORA's efforts have mainly taken the form of advertising our region through the medium of 8-page advertising inserts, and attached to my testimony is a copy of our most recent efforts. These inserts are distributed throughout the Western United States primarily through Sunset Magazine, but also major metropolitan newspapers and magazines.

In 1986 our Association, along with public and private sectors in our region, combined efforts and resources to secure comprehensive jet air service via PSA, which of course is US Air, from San Francisco to our regional Redmond/Bend airport. We had good air service to the north, but no direct flights to the south, missing that very lucrative market. The move involved a significant up-front gamble, with the State's leading banks and utilities joining a wide range of our Central Oregon businesses to establish a half million dollar support guarantee fund into which PSA could then dip if the regional enplanements dip below our quarterly averages.

The fund was never tapped. The region surpassed the PSA minimum performance standard by 200 percent, and Governor Goldschmidt lauded the area as one that created its own luck.

Following, I'll give you a quick capsulized version of our regional marketing story.

After securing the PSA air service, Central Oregon moved to implement this unprecedented cooperative marketing campaign to assure those adequate boarding numbers. CORA and the regional resorts pooled their existing marketing resources and supplemented with major support from PSA, American Express, and the State of Oregon lottery fund to arrive at a 1986–87 marketing budget for our region of $434,000. That budget was then leveraged into a campaign with a face value in excess of $1 million. The result one year later was a regional tourism increase of 42 percent. Over the 1986–87 year the region was able to place 2 million 8-page ads in Sunset Magazine and the major metropolitan newspapers in both November and March of the years.

Spinoff publicity efforts achieved both as a result of active placements and unsolicited editorial interest resulted in such feature coverage for us as a full page article in the Sunday New York Times, the Washington Post, a 6-page color feature in Sunset, and 4-page articles in Motorland and numerous other print and broadcast features.

It is important to note that our regional effort is not to develop the tourism industry as a means in itself, but rather as a means to comprehensive economic diversification. Tourism was selected as the vehicle to gain market awareness, however, messages to business executives and entrepreneurs are incorporated in all of our regional ads.

Further, the marketing campaign is aimed at upper demographic markets in an effort to lure to the region visitors who are in a position to make business start-up and relocation decisions. The close association between tourism and business relocation and start-up is documented in our region. Over 70 percent of the business start-ups and relocations over the past 10 years have resulted from visits or vacations. CORA then forwards all of our business inquiries to our regional economic development council which in turn respond directly. We are a region where the economic importance of tourism is clearly seen by the diversity of our economic base and the vitality of the business climate. The economic base is dominated by small businesses.

The fact that all segments of our region, our association, our county, our cities, our chambers, our inter-governmental councils, the economic development council, our ski area Mt. Bachelor, large resorts down to small hotels, all join together with the support of PSA, American Express, Pacific Northwest Bell, U.S. West, and the State of Oregon, and we established a regional partnership strategy that is being treated as a model.

The program's success was evidenced by visitor council statistics and by the fact that all 1986, 1987 cooperative participants increased their participation in this last year's program in which we were able to circulate 2.6 million 8-page ads. The 1987 campaign had a face media value of $1.75 million and an investment of $580,000. The goal of this current year's program which we have just concluded, was to merely sustain those increased visitor counts of the previous record-breaking year, but that goal has been exceeded by 15 to 18 percent year to date.

The success of our regional marketing program is directly linked to cooperative rather than parallel efforts. Once the region was capitalized into one easy-to-buy package, the success accelerated. This theory holds true on a Federal and State level as well. The focus of the Federal role, we believe, in tourism promotion should be at the top of the funnel. Through promoting our largest product, the United States to the international markets, the Federal Government provides the individual States the opportunity to effectively carry the sale to the next level of promotion.

The next level in the funnel concept is an aggressive State tourism campaign targeted to the domestic market and complementing the Federal international programs where applicable; whereas the Federal effort is comprised of a composite of States, the State efforts likewise are a composite of regions.

In conclusion, we in Oregon realize, as has been discussed today, the enormous potential market of the Pacific Rim, primarily Japan represents. Stronger Federal tourism promotion targeting this market enhances the opportunities available to all Western States. This year the State of Oregon has launched an unprecedented domestic tourism marketing program built around regional amenities. The Oregon campaign created the opportunity for individual regions such as ours to enhance their own efforts both in concert with the State and independently.

The regional efforts are in the final phase in this funnel process and effectively use limited local resources directed at what now has become a very targeted market and producing a greater return on the region's marketing investment, a return essential to the vitality of small businesses.

Thank you.

Chairman Skelton. Thank you so much.

[Ms. Dobert's statement may be found in the appendix.]

Chairman Skelton. Mr. Wyden.

Mr. **Wyden**. Thank you, Mr. Chairman. All of you have been very good. I would probably ask a lot more questions if there were a lot more time.

Ms. Dobert, you are a fabulous success story. My guess is you probably want the Federal Government to leave you alone and to let you go on to keep doing what you are doing so very well.

I only had one question, and that is how are we coming in terms of our strategy for getting the 1996 Winter Olympics? The two of you, I guess, are going to be a team on this. I'd like to know that, if you could answer.

Mr. **Petrie**. We are making good progress. We seem to be getting the momentum and the ground roots public support. I think we could use more direct support out of our State offices as far as feeling that there is a true commitment and also that we are able to do it.

There is no question as we have gone through the studies, the appraisal of whether we can or we can't, which has come out favorable, the same consulting outfit that put it together in Calgary.

There has been a question I think in many people's minds. Can Oregon really do it? Well, Dick Kohnstamm and I were in Calgary 21 years ago when they made their first presentation and everybody kind of smiled, and those who are smiling now are on the way to the bank. We think Oregonians can do it. We think they are coming behind us in the movement.

Mr. **Wyden**. As far as I am concerned it is not can Oregonians do it, it is just let's go do it.

Mr. **Petrie**. That is the direction we are going. We are struggling for funds, but we are continuing.

Mr. **Wyden**. You wanted help from State offices, you have my commitment for help right here. Ms. Dobert, maybe you would like to add something. I appreciate how you are all going about this task. I think we have a good shot. Just go do it.

Ms. **Dobert**. Thank you, we appreciate your interest. I really echo Keith's sentiments, that we need a stronger even across-the-board support throughout the State.

Mr. **Wyden**. Let us know, and I am sure our whole delegation in Congress wants to help.

El, just one question if I might for you. I was just amazed at the statement you made about the USTTA and those eight projects that they were talking about where you said the first time you had heard about those projects was when you heard testimony about them today.

Ms. **Shelden**. Actually, I saw them when I was back in Washington in February, and I happened to pick up a copy there. So it is in the orange book, and that was the first time, when I looked through that and saw those there.

Mr. **Wyden**. El, what in the world is going on here?

Ms. **Shelden**. I wish I knew. I think those are programs that they figured we would be interested in doing and know that we will probably do something along those lines. Certainly our JATA participation this past year in November and we were over there with Washington at that trade show. There were some "fam" tours and I think they know that we would want to do some "fam" tours and that they would be assisting us in identifying participants in those "fam" tours.

Mr. WYDEN. That does not sound like much of a coordinated effort for people not to have heard about it until they come to a congressional hearing.

Ms. SHELDEN. No; it doesn't.

Mr. PETRIE. Mr. Chairman, can I make one more remark on the Olympics, if I may?

Mr. WYDEN. Sure.

Mr. PETRIE. The Forest Plan again, becomes very important to our ability to host it in a timely manner.

Chairman SKELTON. Yes; it is important.

Mr. WYDEN. I think you are absolutely right, Keith, and I am very supportive of the way the Governor is proceeding on dealing with these plans. As you know, he wants to wait until all of them come in so he can look at the cumulative facts, and based on the input you have given us today I am going to really be pressing because our delegation is doing work with the Governor on this to make sure that those recreational values really are addressed. So we will want to work with all of your organizations as those plans get in, and of course it's a done today kind of process. We are getting the drafts in, we are starting to look at the drafts, and we are going to look at the cumulative effects. But it is absolutely essential that one of our State's big draws and State's big industries get fairly treated under those plans. So your points are well made and we are glad you are here today.

Mr. Chairman, I don't have any further questions.

Chairman SKELTON. Ms. Dobert, I congratulate you on your promotional program. I think a lot of rural America could learn from your efforts.

Let me ask you this, were you able to get independent large businesses to contribute to your effort, like American Express, Pacific Northwest Bound, and so on?

Ms. DOBERT. Absolutely. In fact they began their largest support when we put together the support guarantee for Pacific Southwest Airlines. They contributed $200,000 of the final $300,000 that we were able to put together. Those were the four, as we call them: Pacific Northwest Bell, Pacific Power and Light, First Interstate Bank, and U.S. Bank put up pledges each of $50,000 for those seat guarantees, so they were really participants from day one and very actively involved.

Chairman SKELTON. Let me also ask you about your attraction of new businesses for relocation and start-ups. Do you have any information or data or know where we are going to get the data to support the 70 percent of start-ups and relocations having come from visits or vacations?

Ms. DOBERT. Absolutely. That is based on research that has been put together.

Chairman SKELTON. By whom?

Ms. DOBERT. By our local county, Deschutes County, and was included in our regional strategy document, so I can easily provide you a copy of that.

Chairman SKELTON. I would appreciate it if you would send that to us and without objection we will make that part of the record.

Ms. DOBERT. I would be pleased to do that.

[Part of document requested may be found in the appendix with Ms. Dobert's statement.]

Chairman SKELTON. I think this is absolutely valuable information, and I would appreciate your mailing that to us.

Ladies and gentlemen, thank you very much.

Ms. DOBERT. Thank you.

Chairman SKELTON. We are going to take a 5-minute recess at this point and ask our next panel to ready themselves. Dick Kohnstamm, Sho Dozono, Mike Clark, Warren Klug.

Off the record.

[Whereupon, a brief recess was taken.]

Chairman SKELTON. On the record.

Ladies and gentlemen, we will proceed. If I may suggest that if each of you can hold your comments to approximately five minutes I may be able to hear all of it. I have a plane to catch, and Congressman Wyden, should we not be able to finish while I am here, will finish the hearing. I know he will have numerous questions of each of you.

Our first witness is Mike Clark, Marketing Director, Mt. Hood Meadows Ski area.

TESTIMONY OF MIKE CLARK, MARKETING DIRECTOR, MT. HOOD MEADOWS SKI AREA, MT. HOOD, OR

Mr. CLARK. First of all I would like to thank you both for coming here today. It has been long overdue that we have had a chance to have congressional Members here on the mountain, and in particular, interested in our business.

Prior to coming to Mt. Hood Meadows I was with 20th Century Fox Films in Beverly Hills, CA, and Walt Disney Productions. I was a media buyer in the capacity and national advertising in both of those, and I was acutely aware of how well Oregon did versus the rest of the United States on particular pictures. I think it was a good indication as opposed to maybe a member from a United States travel association in that we lived and died by our weekly grosses, or how well each picture did.

Portland never skewed like the national average at any point. It is a very mysterious market. The entire Northwest, a science fiction picture, will go right through the ceiling, so I came to understand that you could not use averages across the United States when you talked about Oregon.

When we began programs at Mt. Hood Meadows the first thing we wanted to know was exactly what our market was and how to get toward those problems that were not demographic in nature, but psychographic in nature, how people thought.

Chairman SKELTON. What?

Mr. CLARK. Psychographic.

Chairman SKELTON. That is a new word.

Mr. CLARK. Yes; it is, relatively. It really has to do with how people think. So we decided how we actuate these people to do the things, to come to us.

We began a program just in skiing, to give you one short example, whereby we called it the Learn to Ski Guarantee. We interviewed about 300 non-skiers to find out why they didn't ski. We found their three top reasons, which was fear of injury, and so forth, and targeted that campaign at those three questions.

In our first year we taught 28,000 beginner lessons which was the largest of its kind in the United States to that point from a little ski resort in Oregon, and breaks the national average.

The other thing is we moved to become the largest day ski resort, non-destination oriented, in the United States, and rated 18th of some 700 ski resorts in the United States. All in Portland, OR that is not in the top 17 in total markets.

So we have seen that performance can happen here when the enthusiasm is injected into the project and it is targeted surgically at the markets that will move to you. I think that is the key point of my testimony here, is surgically targeting those markets where we can get the best response.

As any good real estate person will tell you, the key to anything is location, location, location. We have the location here. We do not have (1) the physical plant to take advantage of this location as of yet in overnight housing. (2) We haven't from a broad base done a surgically targeted marketing effort to find out exactly how to get to those people. And (3) we haven't had adequate training within the State at all levels to build this guest relations program that vitally needs to take place once you have the physical plant in position.

That is really where I would like to see the support that we could get from the United States Congress as well as the State is directed toward finding a very narrowly focused campaign where we can see instantaneous results. There are some very good programs that are in the private sector that I believe do not need to be duplicated in other areas. I am a very strong believer in cooperative marketing and the private sector working together with the State and the Federal Government and working with programs that have already shown success. I think just like anything, God helps those who help themselves, and that's who we want to invest in, people who have already shown that they can get success on small budgets and have cash infusions on which to grow upon those and help everyone who is concerned.

Chairman SKELTON. Thank you so much.

[Mr. Clark's statement may be found in the appendix.]

TESTIMONY OF WARREN KLUG, PRESIDENT, INN OF THE SEVENTH MOUNTAIN, BEND, OR

Mr. KLUG. Thank you, and I would echo the thoughts of others that have expressed our appreciation for your coming to Oregon and especially for your interest in support of the tourism industry which is obviously so important to our State as it is to many other parts of our country.

It is no secret that tourism is a major industry in our Nation. You have seen all the numbers over and over again I am sure, but it certainly is major to our Nation. It is major to our State as well.

The visitor industry means economic activity that brings outside income to local areas, provides new employment and important jobs at a variety of skill levels and pay levels, and tourism fosters independent businesses from the very small to the very large and many of us in between.

In Oregon, visitor expenditures support thousands of individual businesses as the tourism industry is the number three industry in our State behind forest products and agriculture. It is an industry that is growing in Oregon and growing in importance.

Research suggests that approximately 24 percent of visitor expenditures go toward direct lodging expenses and the remaining 76 percent is spent in other areas, retail purchases, activities, recreation services, food, you name it. This is an important factor because it just reminds us all that visitor dollars are spent throughout an economy. They don't go only to the traditional places that we may think of as the tourism destination places. Money is spent throughout the economy.

Visitors spend money in stores, they buy groceries, gas, clothing, the list goes on and on. I think it really is correct to call tourism an export industry as it relates to the international business. We are selling experiences——

Chairman SKELTON. Let me interrupt right here. So many people don't understand that.

Mr. KLUG. That is really true, and we fight that battle all the time.

Chairman SKELTON. It is foreign money, they step one foot here, spend $1, that is the same as if we had sold something to them.

Mr. KLUG. When people go home with experiences, with some pictures, and some gifts and things they have purchased, and they are leaving their money behind, it absolutely is an export industry even though it doesn't come in big packages and arrive on big cargo ships, they have left their money here and that is good news for all of us. That is a message we need to continue to work at telling people about.

A major plus for the tourism-related businesses from an economic standpoint is that they are normally labor intensive. Employment is a chief concern of all of us, and our industry is right at the forefront in generating and continuing to create more jobs. By the nature of their products, the hospitality businesses employ large numbers of people at a variety of job levels all up and down the different wage scales.

Tourism provides jobs that are important to America and important to the State of Oregon. In my own operation at the Inn of the Seventh Mountain in Central Oregon we provide employment just on my property for over 200 local people. The majority of our employees work for us year round, and income levels range from a low entry level of about $3.65 an hour on up to $60,000 annual salaries for people who work within our organization. We employ a good number of entry level, first time workers along with hospitality professionals who look to our business and our industry in terms of long term careers and family income salaries.

In addition, we estimate in our own area that over $15 million is spent in the local community annually just by guests at my property. Our employees, of course, too, spend their wages in local businesses and services and that adds another $2 million to the local economy. Our resort pays hundreds of thousands of dollars each year in local property taxes, transient room taxes, income taxes on a State and Federal level, and the list goes on and on. We are an important industry, just my small business, we are an important business in our local area and in the State, and of course that is the case throughout our State and throughout our Nation. Businesses over and over again are providing that kind of valuable employment and economic input.

Across our Nation and throughout Oregon visitors are hosted by a variety of small business firms and personally owned and operated organizations. In few industries is the importance of small business so evident.

When we think of tourism, it is too easy to think of the Hiltons, the Holiday Inns, Disneyland, and so forth, and of course, they are important players in our industry, but they are not the total picture. Small businesses greatly outnumber larger ones in many areas including particularly Oregon, and they are major players in an industry that provides the accommodations, products, and services to the traveling public.

In Oregon, for example, the larger hospitality-oriented firms are relatively few in number. We are an industry, in our State, made up of small businesses.

I believe the State and Federal governments must continue to remember that just as tourism is an important industry to our economies, small businesses play a major part in tourism. Regulations and requirements that are difficult on small businesses are, in fact, hardships on a great segment of the tourism industry as a whole.

The whole issue of economic diversification has been mentioned here earlier today and I highlight it in my testimony because I think it is so important. Not only is tourism as an industry important, but it is important because it brings people together with economic development opportunities of a more traditional nature. In my own area, in our own State here we have numerous examples of tourism providing important levels of new or strengthened economic activity for particular areas.

In Central Oregon where I live, the recent severe recession in Oregon's wood products industry offers a case in point. While that business was in a downturn, tourism was in an upturn. Of course wood products have come back significantly, we are pleased with that. But today in Central Oregon we have two major industries operating side by side and following different trends, and that is economic diversification that is valuable.

Tourism is also valuable because it brings together potential investors with opportunities of a local area. Again in Central Oregon you have already heard numbers that talked about the percentage of businesses brought to our area as a result of first-time visits. People who saw the area, liked it, and brought their business or their business growth to our area, and that is really valuable.

In terms of marketing, we all know that cooperative marketing efforts are valuable. It has been so in the tourism and travel business for years. But there are opportunities that need to be built upon especially in terms of the Federal efforts and the USTTA. When we look at international marketing, the Federal Government does play an important role and we are anxious to see that continue to increase.

Chairman SKELTON. Mr. Klug, let me interrupt right now and proceed on to the next witness so we can have some time for questions.

Mr. KLUG. Okay. Thank you.

[Mr. Klug's statement may be found in the appendix.]

Chairman SKELTON. Dick Kohnstamm, first let me say before we call on you to testify, you have made this a very memorable experience for me up at the Timberline Lodge this morning where I had the opportunity to have breakfast and to meet a lot of good Oregonians. It is a very historic place you have there, and I am pleased to have had the opportunity to be there and see it. Thanks again for that. And we also appreciate your being with us and testifying.

Mr. KOHNSTAMM. Thank you.

TESTIMONY OF RICHARD L. KOHNSTAMM, PRESIDENT, TIMBERLINE LODGE, TIMBERLINE SKI AREA, OR

Mr. KOHNSTAMM. My written testimony is pretty repetitive of what you have already heard, but I do have a few things I would like to highlight. I am a great believer in the book Megatrends, and I think it has been out long enough to realize that these things are really happening. I think people in the United States tend to still have a smoke stack thought of industry, but tourism belies all that and it is getting more and more important. I think it will be more important.

I don't think the people who are in the tourist industry from a national standpoint are success oriented.

Chairman SKELTON. Say that again.

Mr. KOHNSTAMM. I don't think the leadership really in the travel industry, meaning USTTA, and the funding for USTTA are success oriented. They don't think all these people are going to come here and they surely are. But when you have the tiny budget that USTTA has, as you said, Madagascar has a bigger tourism budget than the United States and Mexico has a 10-times bigger budget than the United States for tourism, they are just not success oriented. I think we have to turn that around and think in terms of what we can do in this Nation to bring all these dollars that are dying to come here, but we just don't let them come. I think that is the main thing I want to say, that USTTA must be increased in their funding.

You asked a question earlier about what percent, and in my figures I have 12.6 percent of the international tourism comes to the United States. It is a $110 billion industry worldwide.

Chairman SKELTON. On an investment of $11 to $12 million in the USTTA. Just think if we marketed correctly three or four times that amount urging more people in the Pacific Rim, Europe, elsewhere, what we could do with that figure you gave us.

Mr. KOHNSTAMM. Exactly.

We have to get USTTA to promote our tourist products overseas, and I think we have all said that. And incentives for airline industries to open and develop new gateways. I think this is crucial. This was back in 1983, but we had a $7 million budget and Mexico $182 million.

The rest is really repetitive, so I would be glad to answer questions. I have submitted my testimony. Thank you.

Chairman SKELTON. Thank you, Dick.

[Mr. Kohnstamm's statement may be found in the appendix.]

TESTIMONY OF SHO G. DOZONO, VICE PRESIDENT, AZUMANO TRAVEL SERVICE, PORTLAND, OR

Mr. DOZONO. My name is Sho Dozono from Azumano Travel Service. I guess we are a small business operating a travel agency, travel management company in Portland, OR for the past 40 years or so.

I would like to shorten my written testimony and highlight something positive that has happened in the State by the effort of the total cooperation of the State, local governments, the Port of Portland, GPCVA, air carriers, and I would like to highlight a program called From Oregon With Love.

In the international arena, Portland, OR has come a long way since Western Airlines was the only international carrier flying one flight a day to Vancouver, Canada. In 1983 that airline began to service one flight a week to Tokyo. July 1, as Dave Zielke has mentioned, we will be flying 14 non-stop flights weekly. That is a 14-fold increase that is really making Oregon a potential destination for the Pacific Rim countries.

Ambassador Mansfield has been quoted many times as having proclaimed the 21st Century will be the Century of the Pacific. If that prediction is true, Oregon will be well poised to play a major role. Our economies are tied more and more to tourism, and tourism will be a key factor in bringing Oregon and the countries of the Pacific closer together.

In the past it was trade that brought countries closer, but in the future it will be tourism that will bring countries and people closer together.

It is in this effort, promoting Oregon as a destination for the Pacific Rim, especially the Japanese market, that Azumano Travel has been investing its effort and time since 1981.

The Japanese government has declared by the year 1990 they would like to export Japanese tourists abroad, and thus spend money in those foreign countries willing to receive and promote their own countries to those tourists. Oregon with her abundant recreational facilities and natural beauty can be a desirable destination for those Japanese visitors seeking the great outdoors.

With these two factors, the Japanese traveling overseas in greater numbers, and Oregon's natural assets, we felt we could make Oregon an attractive alternative to the likes of Hawaii, Disneyland, San Francisco, and Los Angeles.

Since Oregon was virtually unknown in Japan, we came up with a plan to expose Oregon to the Japanese consumer. Our plan was simple. Realizing that the State and local tourism agencies have little or no money to buy newspaper advertising or television advertising, we sought to invite various television networks to do features in Oregon. By providing essentials such as free air transportation, lodging, and meals, we were successful in getting a major network to bring a popular 11 p.m. program back in 1983. That was our first real success.

Encouraged by that, we went after Fuji Television Network, the highest rated of the major networks in Japan, to do a miniseries to be shot all on location here in Oregon. This effort coincided with the inaugural flight by United Airlines to Tokyo, and with the help of then-Mayor Frank Ivancis, and then Governor Vic Atiyeh, we were able to convince Fuji to do a drama series named From Oregon With Love.

From Oregon With Love has come to mean much more than just a fictional name for the name of another television serial program. The words have come to represent success, critical and popular success, as a top rated Japanese television series; international success as the finest example of cooperation and exchange between the United States and Japan; a public relations success as an unprecedented publicity coup for an American State in Japan; and a human relations success as a vehicle for building understanding and friendship across the Pacific. For the State of Oregon, the From Oregon With Love project has been an opportunity to soft sell the attributes of Oregon to tremendously large prime time Japanese audiences at unbelievably low cost.

The value of exposure to date is beyond calculation. Estimates indicate that well over 60 million Japanese viewers have seen at least one episode, that the recognition of Oregon has soared in Japan, that most Japanese schoolage children have a favorable image of the State, and that over $47 million worth of television advertising has been achieved for the State. Long term results of all this are hard to estimate, but already Oregon is benefitting from an increase in tourism and business exchange. Virtually every Japanese traveler to Oregon indicates a knowledge and appreciation of the television program.

Student exchange programs from Japan say Oregon has become the number one destination choice for exchange students as a result of the program. Direct benefits for Oregon will continue to grow into the future, and although difficult to document, a favorable image to Japanese on the State will most certainly affect not just their decision to vacation here, but whether they trade in Oregon and if they consider Oregon for economic development.

In a very fierce international competition for entry into Japan, Oregon has good exposure of this program and achieved an enviable, unprecedented position.

I bring this project as an example of what can be done with teamwork of Oregonians working toward a common goal, that of making Oregon an international tourist destination. If it were not for the Governor's office, the Mayor of Portland, United Airlines, Port of Portland, GPCVA, and many others, a project such as this would not have been possible.

[Mr. Dozono's statement may be found in the appendix.]

Chairman SKELTON. May we suggest that we go to questions. I have two quick questions and then Mr. Wyden will have probably a couple of dozen.

First I'd like to ask Dick Kohnstamm, we talk about the various Federal agencies working at odds with each other particularly in the area of tourism. I learned a bit this morning about the National Forest Service working at odds with the USTTA or at least its goals.

Would you be kind enough for the record to tell us what the problem is and what may be done to solve it, please?

Mr. KOHNSTAMM. I think there has been a great pressure put upon the Forest Service to come up with a dollar resource which I think they thought of in terms of logging and the timber industry. Then I think you have to understand, too, they have been under real pressure from environmentalists to hold firm on wilderness. And trying to satisfy both extremes, which is really a difficult task for them, tourism and recreation more notably in the National Forest, recreation got completely squeezed out so there was nothing left. The wilderness demands on the one end, the logging demands on the other, and to try and fulfill those goals, they left out tourism.

Chairman SKELTON. Excuse me, I saw, or it was pointed out to me, I don't know what you call them, breaks or whatever it is where there is no timber and this was caused evidently by a policy to cut timber, which does spoil a lot of the beautiful view that you might have in this area.

Mr. KOHNSTAMM. In reference to the clear cut, is that what you're referring to?

Chairman SKELTON. That is the phrase I was looking for, yes.

Mr. KOHNSTAMM. In reference to the clear cuts, I think they have to have a vigorous reforestation program.

Chairman SKELTON. Which they don't.

Mr. KOHNSTAMM. They do to some extent. To say they don't would be wrong but——

Chairman SKELTON. It takes over a century for these trees to grow again.

Mr. KOHNSTAMM. Yes; that's true, to maturity. They are just lagging in this aspect. So this really damages recreation also. So that has to be strengthened.

Chairman SKELTON. Any other comments on this question?

Mr. KOHNSTAMM. Certainly with the Olympic urge that we are involved in right now, there is a strong possibility that the Olympics can be held in Oregon, and the Forest Service completely left this out of their thinking. I just think they have to think of recreation as important, and they have not.

Chairman SKELTON. Thank you.

Mr. Dozono, you mentioned students coming, particularly from the Pacific area and of course when students come most of them have a positive experience here at your local universities, colleges, and the like. What could other areas, what could other States such as Missouri do to cause students to come and be ambassadors back in their own home countries, to invite or urge tourists to come? How could other countries benefit from the experience you have had?

Mr. DOZONO. Just to give you an example, we started this program back in 1981 of targeting students as a potential market during our summer peak season. In 1988, our estimates are that 5,000 Japanese will come into the Portland airport in the 4-week window between July 20th and August 20th. That will really be done by creating an image that we want to welcome the Japanese students into our homes. They are home-stay programs, opening American homes to Japanese students, and they take that message back home to their country.

One example, one boy that I have been taking care of for the last three years, has produced 26 roundtrips by his parents, his family, his grandmother, and all of his family has come here. One student translates to 26 times more travel.

Chairman SKELTON. Thank you so much.

I find that I must leave. This has been a most interesting and delightful day. I appreciate your testimony and your courtesy.

I will ask Mr. Wyden to conclude the hearing and ask, of course, his questions. Many thanks to you, Ron. I look forward to seeing you back in Washington.

Mr. WYDEN [presiding]. Mr. Chairman, I want to thank you. I am still not clear how someone from Missouri could learn so much about our issues and questions so quickly, so you are going to have to explain this to me in Washington. But I want you to know how much we have appreciated it. The next time we come I want you to know we are not going to make you fly all night and eat a hot dog in the Chicago airport on the run. But our thanks really to you and your good staff. I am going to surprise you. Instead of two dozen questions for these good witnesses I may have maybe only a couple. Then we'll wrap up. But we want you to know how much we have enjoyed it.

Gentlemen, all of you have been very good, and I just have a couple of points.

Warren, you went through some of the economic benefits of tourism to the State, and they are so obvious and tangible, and that is very helpful. I think the only question I have of you is whether there were any initiatives that the Oregon Tourism Council, and I understand you are the head of it this year, are there any initiatives that the Oregon Tourism Council would like the Federal Government to be pursuing as part of this partnership sort of effort?

Mr. KLUG. I think they would fall into two categories, and certainly all of us in Oregon within the tourism industry recognize the tremendous potential of the Pacific Rim for future tourism growth. It is not just Japan, although Japan of course gets the primary focus now. We have been party to some efforts in Taiwan, and the story goes on, and there is great potential for your future.

I think the answer to your question really is two-fold. In the longer range, as has been mentioned, USTTA desperately needs more funding, and that is a familiar song that we all sing, but it certainly is true.

In the shorter run, I do believe that partnerships can be strengthened between USTTA and our State efforts as well as regional efforts combining several States together. You have hit on that issue over the past year and more than mentioned it again today. I couldn't agree more. I wanted to stand up and applaud at your questions and your comments to the USTTA representative because clearly this area is not a priority to them, has not been in past years. They have their reasons for perhaps not being major players. I think we all look at the situation very differently than Mr. Peterson's remarks would suggest they do. So I would applaud your efforts at getting them to know that we really are more together here, the planning has been done better, there is more of an organized effort than they apparently realize. Perhaps we are just not talking to each other. Maybe that is a polite way to put it.

But we do need that partnership development because they have representatives in the marketplace who are knowledgeable, who can assist us. We have the desire, and most importantly, the products to sell, Oregon, Washington, and other West Coast areas. And we absolutely have got to get together for everybody's benefit, and the payoff can be tremendous.

Mr. WYDEN. I thank you for those kind words to me. We are just going to stay with it until we get something.

Mr. KLUG. It will really pay off for all of us.

Mr. WYDEN. I just think this is a potentially far greater market than even that of the European market. Particularly today to have heard some of what we did in the matter of El Sheldon not having heard about those projects until she came, or having seen a report. I just think that is the kind of thing we have to turn around.

I have only a couple of other points real quickly. One for you, Sho. Your testimony was very helpful. One of the things I think you told us for the record that is important to note is just how powerful television is as a medium in the Pacific Rim. I know I have sat in a number of meetings where some have said well, you can't reach the Japanese consumer. It is too large a country. What you have given us is very concrete evidence that television does reach Japanese consumers, and I thank you for that.

The only question I had for you, Sho, was given the fact that we are going to try and put in place these Government/private sector kind of partnerships to promote tourism, what role do you see for the travel agencies? You all are really right at the center of it. What role do you think the travel agencies would be in a position to play as part of this?

Mr. DOZONO. Two answers, Ron. One, as travel agents what we know is what Americans are buying abroad in other destinations. I think sometimes we sort of tend to forget that we send people across the Pacific or the Atlantic, therefore we are not part of the inbound tourism industry. Really, the knowledge that we have of what people are looking for, that should be implemented on what kind of facilities we need to develop in this State in order to attract foreign visitors who are being courted by the rest of the world. Everybody is after the Japanese tourist dollars or yen.

My second remark is that we need to develop tour operators or receptive agencies. We have diversified our agency from a typical travel agency and also have an international division which is a receptive agency. So we have a bilingual staff of eight. They don't sell airline tickets. They simply provide service for the incoming Japanese. We are very encouraged with the results that we are seeing, and especially in 1987 and what we expect to see in the balance of 1988. We are seeing tremendous growth of the Japanese tourists coming into the State.

Mr. WYDEN. I think that's right, and I just want you to know that as we try to put in place this kind of partnership we will work very closely with the travel agencies because I think both with expertise and with the fact that you are the entry point because consumers come to you, you are ideally suited for this job.

The only other point Dick, your testimony was very good as well. One of the things that I am pleased about is not too long ago I introduced some legislation with one of my Republican colleagues on the Commerce Committee that has jurisdiction over railroads, and we were recently told that the chairman of the subcommittee would support it and it would give us some small amount of dollars back to support renewal and refurbishment of short line railroads. We are going to be having a little event with Bob Bothman, the head of the Oregon Department of Transportation on Monday to talk about how this could have some immediate economic benefit for the State. So I wanted you to know that I am interested in your question of Mount Hood Railroad, and Warren, I know the Tourism Council and others have been talking about the short lines, and we got a good bit of news just this week when the chairman of the subcommittee which is the first hurdle, indicated that he would support my bill. It is going to be a small program. We know that all these programs are going to be very small. But again, I think the point Warren and Mike have made is when you look to people who are really hustling in the private sector, and Government in a modest way can kind of compliment that effort, you are on target.

So I am going to let you off the hook without any grilling, tenacious, unpleasant kind of questioning. But all of you have been most helpful and very patient. We have a lot of work to do in the days ahead, but the job of promoting tourism in Oregon is a lot easier today because of the good work that you all are doing.

So unless any of you would like to add anything I'll grab Ike's gavel over here.

Do any of you wish to add anything else?

[No response.]

Mr. WYDEN. All right, the subcommittee is adjourned. Thank you for coming.

[Whereupon, at 1:10 p.m. the subcommittee was adjourned, subject to the call of the Chair.]

APPENDIX

OPENING STATEMENT OF CHAIRMAN IKE SKELTON

June 3, 1988

The subcommittee will come to order. We are delighted to be here in this absolutely beautiful state of Oregon at the invitation of my colleague, Ron Wyden, a distinguished member of the Small Business Committee. I want to take this opportunity to thank Ron and all of you here for the gracious hospitality that has been extended to us.

We've come to this wonderful place to listen to your successes, your ideas and your frustrations. This subcommittee has been holding hearings such as this around the country for the past two years. Knowing of the tremendous economic impact tourism has on the country, we want to learn from you how best Congress can help in developing and promoting lesser known, alternative destinations and rural areas to take advantage of the potential market of travel and tourism.

Tourism is a thriving industry, one of the largest in the United States and it has become the second largest employer in the nation with employment growing 57% over the past ten years. We in Congress need to know what we can do to help tourism related businesses (the vast majority of which are small businesses) make the most of their opportunities and tap into this vast market.

One particular area where we should concentrate is international tourism. Foreign tourists come to America and spend billions of dollars. We should look at international tourism as if it were an export, bringing new capital into our country. These new dollars generate more dollars, they add to our tax revenues and reduce our trade deficit. In this time of the weak dollar overseas, America is even more appealing to our foreign friends. We cannot afford to miss this opportunity to capture international travelers and to introduce them to all parts of the United States, not just to those big name tourist spots...We want them to visit there too..but we also want them to travel further inland to the heart of America...or to other areas that have so much to offer..such as right here in Oregon..where only one of the things you can do you is ski, of all things, in June!

During our hearings it has become apparent that all the players (local, state, and federal government and private industry) were committed, were working hard, but weren't always pulling together. What's missing is a coordinated, well-defined national tourism policy. Last week I introduced a bill calling for a Presidentially appointed commission on travel and tourism to study all aspects of the industry in both the developed and undeveloped recreational areas of the country and make recommendations to the President and Congress for establishing a national tourism policy that will enable all those who wish to benefit from this industry to do so. As I said, we are here to listen to you....we want to know what you are doing here and what you think we should recommend that Congress can do to help.....

I look forward to the hearing today and I want to thank my colleague Congressman Ron Wyden and all the friendly folks here who have been so kind to us. You really are very fortunate to have working for you.

HEARING STATEMENT
HOUSE SMALL BUSINESS SUBCOMMITTEE ON EXPORTS, TOURISM AND SPECIAL PROBLEMS

CONG. RON WYDEN
JUNE 3, 1988

MARKETING AND PROMOTING SMALLER RECREATION AND VACATION CENTERS: OREGON TOURISM'S ACE IN THE HOLE

MR. CHAIRMAN, I want to begin by thanking you for calling this hearing on a vital subject to our Oregon tourism industry, and to the tourism business nationwide.

And I want to add that it's great to be in Oregon in the midst of Rose Festival week. It is particularly serendipitous to be here at Mount Hood for the first day of the Golden Rose ski races. I can safely report to my Missouri colleague that the Rose Festival is my home state's premier annual tourism event. So the timing of a hearing on this subject, and at this location, couldn't have been better.

The issue before us today is the classic turn on the David versus Goliath story.

The Goliaths are those heavyweights of the tourism business, the big destination centers like Disneyland, Vail and Las Vegas-- the well-known, well-visited and well-heeled that have million-dollar marketing and promotional efforts reaping tens of millions of dollars in revenues.

The Davids are those smaller, lesser known vacation and recreation spots, the out-of-the-way, off-the-beaten-track resorts. They may have some regional following, but in general these Davids have a long way to go to reach their full potential.

Mr. Chairman, I know that achieving a fuller share of the tourism dollar for these regional tourism centers is one of your strong interests. I want to join you in finding that mix of marketing and development tools -- the promotional slingshot -- that will help these smaller destinations compete against the big guys.

Government can play a role right here in Oregon. Just last month I participated in a groundbreaking for the new Portland Convention Center. Millions of dollars of public money is invested in this project. That center should capture many more millions of dollars over time for Portland metropolitan area businesses. And spinoff economic activity from the center should mean more tourism industry dollars for businesses on the Oregon coast and right here at Mount Hood.

I was one of several members of Congress active in the development of the Columbia Gorge National Scenic Area, just to our north. We look forward to the day that -- thanks to careful management of these beautiful Columbia River lands -- we have another major tourism draw for the Pacific Northwest and a thriving economy in the area. I should point out that the Act of Congress creating this scenic area also sets aside $10 million for an interpretive center on the Oregon side of the river, and a convention center on the Washington side.

But perhaps most important for the witnesses we will hear today is the federal role played in planning long-range uses of our great national forests.

Specifically I am concerned about planning efforts now underway for the Deschuttes and the Mount Hood National Forests, and particularly how those draft plans -- which will effect land-use decisions well into the next century -- treat recreation and recreation-based industries.

There is some concern, Mr. Chairman, that the Forest Service's proposed long-range plan for the Mount Hood National Forest inadequately addresses the needs of the forest's tourism businesses. There is concern about possible encroachment of planned timber harvests upon major hiking areas. There is concern about limitations on the development of ski areas.

I'm not sure that's good public policy. I'm not sure that's good planning for the people who have to do business up here.

I hope that over the next few months, those federal planners sit down with some of the folks we'll hear, today, to discuss the needs of the recreation and tourism industries.

In this state and throughout the Pacific Northwest, tourism means jobs, and plenty of them. The most recent figures available suggest that in Oregon, tourism has grown to be a $2.5 billion per year industry.

That places it in the top three dollar-producers within the Oregon economy, right after forest products manufacturing and agriculture.

Mr. Chairman, I'd like to recount a few meaningful statistics:

> -- Approximately 63,000 Oregon jobs are dependent on tourism-related business. That's about 6 out of every 100 workers.
>
> -- That's an annual payroll totaling about $544 million, ranking the state 29th in the country in tourism revenues.

-- According to government tax records, Oregon tourism activities resulted in about $126,000 per day in state tax revenues during 1985. That's money to be used for Oregon roads, schools, health care and public safety services.

-- For every dollar the state of Oregon spends to encourage tourism, the state receives over $300 in tax revenues generated from tourism activities.

In the Mount Hood community, tourism is a primary source of income. Last year, nearly one-third of 50 businesses in this area said in a University of Oregon survey that 100 percent of their business is tourism related. Half of those 50 companies said that better than 80 percent of their revenues comes from sales to tourists.

Two-thirds of the businesses surveyed said they expected to expand, adding new jobs, over the next couple of years.

Our state Tourism Department is out to make Oregon a primary tourism destination for both U.S. and foreign travelers. Those scenic wonders that surround us today -- the trees, streams, snow and rocky inclines of Mount Hood -- are the elements that will draw many visitors to this state. We must preserve them for future generations while, at the same time, manage the timber resources that are so important to the state's lumber, plywood and paper manufacturers.

But like timber, tourism has a big reach into lots of parts of Oregon's economy. Some of the skiers competing at Mount Hood, today, flew into the state at Portland International Airport. Some stayed in downtown hotels and ate in downtown restaurants. On their way up to the mountain, many purchased goods and services at suburban businesses in East Multnomah County -- the heart of my congressional district.

This is a business that feeds cash into a multi-million-dollar ski lodge at Timberline, a two-pump gas station at Wood Village, and a four-star hotel in Portland. And it brings people to Oregon from all over the world. Eventually, they may like the state enough to bring their businesses -- their plants, their stores and their shops -- with them, boosting other segments of the Oregon economy.

And that will mean more jobs for a state that sorely needs them.

Thank you Mr. Chairman.

TESTIMONY OF ERIC C. PETERSON
DEPUTY UNDER SECRETARY OF COMMERCE
FOR TRAVEL AND TOURISM
BEFORE
THE HOUSE SMALL BUSINESS SUBCOMMITTEE
ON EXPORTS, TOURISM, AND SPECIAL PROBLEMS

10:00 A.M.
JUNE 3, 1988

WELCHES, OREGON

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, I AM PLEASED TO APPEAR BEFORE YOU TODAY TO TESTIFY ON THE SUBJECT OF TOURISM EXPORTS.

AS YOU KNOW, THE UNITED STATES TRAVEL AND TOURISM INDUSTRY CONSISTS OF MORE THAN ONE MILLION ENTERPRISES, MOST OF THEM SMALL BUSINESSES. THE VAST MAJORITY OF THESE BUSINESSES DO NOT TRANSACT EXPORT BUSINESS OR MARKET THEIR SERVICES ABROAD.

IN ADDITION, STATE AND LOCAL TRAVEL OFFICES SPEND ONLY A SMALL PORTION OF THEIR BUDGETS ON THE INTERNATIONAL MARKET. OUT OF THEIR TOTAL $283 MILLION BUDGETS, STATE TRAVEL OFFICES SPENT ONLY $6.8 MILLION ON INTERNATIONAL TRAVEL PROMOTION LAST YEAR.

THE DISINCENTIVES FACED BY MANY SMALL BUSINESSES AND MANY STATE AND LOCAL TRAVEL OFFICES TO ENTERING THE INTERNATIONAL TRAVEL MARKET PLACE INCLUDE:

- THE LANGUAGE BARRIER
- UNFAMILIARITY WITH FOREIGN BUSINESS PRACTICES,
- LACK OF KNOWLEDGE ABOUT THE POTENTIAL AND STRUCTURE OF KEY FOREIGN TRAVEL MARKETS,
- UNFAMILIARITY WITH FOREIGN COMMUNICATIONS MEDIA, TOUR OPERATORS, TRAVEL AGENTS, AND FOREIGN BUYERS,
- EXCHANGE RATE FLUCTUATIONS WHICH DRIVE UP THE COST OF FOREIGN MARKETING PROGRAMS,
- THE HIGH-COST OF ADVERTISING ABROAD,
- COMPETITION FROM WELL-ORGANIZED AND WELL-FINANCED FOREIGN TOURISM ORGANIZATIONS, AND
- BARRIERS TO MARKET ACCESS SUCH AS TRAVEL ALLOWANCE RESTRICTIONS WHICH LIMIT THE AMOUNT OF EXCHANGE RESIDENTS OF A COUNTRY MAY PURCHASE TO PAY FOR TRAVEL SERVICES OBTAINED ABROAD.

IT IS THE MISSION OF THE UNITED STATES TRAVEL AND TOURISM ADMINISTRATION (USTTA) TO ASSIST AMERICAN TRAVEL BUSINESSES AND STATE AND LOCAL TRAVEL OFFICES TO OVERCOME THESE DISINCENTIVES.

USTTA'S GOALS ARE TO:

- INCREASE U.S. EXPORT EARNINGS FROM TOURISM SERVICES.
- REDUCE IMPEDIMENTS AND BARRIERS TO INTERNATIONAL TRADE IN TOURISM SERVICES, AND
- INCREASE U.S. ACCESS TO FOREIGN TOURISM MARKETS BY INTRODUCING AMERICAN SELLERS TO POTENTIAL FOREIGN BUYERS,

USTTA SEEKS TO DRAW NEW-TO-EXPORT UNITED STATES TRAVEL COMPANIES, STATES, AND CITIES INTO THE INTERNATIONAL MARKET BY:

-- CONDUCTING REGIONAL "EXPORT NOW" CONFERENCES AROUND THE UNITED STATES FOR THE PURPOSE OF SHARING RESEARCH, TARGETING APPROPRIATE FOREIGN MARKETS, DEVELOPING JOINT MARKETING PLANS, AND BUILDING PUBLIC PRIVATE PARTNERSHIPS. THESE REGIONAL CONFERENCES CULMINATE IN A NATIONAL CONFERENCE IN FEBRUARY WHEREBY FOREIGN TOUR OPERATORS COME IN TO DISCUSS MARKETING STRATEGIES WITH AMERICAN DESTINATIONS AND INDUSTRY;

-- CONDUCTING MARKET RESEARCH ON THE ATTITUDES, PERCEPTIONS, AND CHARACTERISTICS OF THE FOREIGN TRAVELER. PRODUCING RESEARCH ON VARIOUS SECTORS OF THE INDUSTRY, SUCH AS LODGING, AIRLINES, CAR RENTAL COMPANIES, AND MOTORCOACHES;

-- PRODUCING AN ECONOMIC IMPACT STUDY OF THE FOREIGN VISITOR ON STATES;

-- INITIATING COOPERATIVE MARKETING PROGRAMS RANGING FROM BASIC FAMILIARIZATION TOURS TO MORE SOPHISTICATED PROJECTS SUCH AS SUPPLEMENTS IN TRADE AND CONSUMER MAGAZINES AND ADVERTISEMENTS ON FOREIGN TELEVISION; AND

-- PRODUCING FULFILLMENT LITERATURE, BROCHURES, AND MAPS ON U.S. DESTINATIONS FOR THE TRADE AND CONSUMERS.

USTTA IS EXCITED ABOUT ITS FY 1988 PROGRAM. THE AGENCY HAS FOUR NEW TELEVISION ADVERTISEMENTS. THE FIRST IS WITH FLORIDA, PAN AM, ALAMO RENT-A-CAR, AND THE AMERICAN EXPRESS COMPANY WITH T.V. CAMPAIGNS IN ARGENTINA AND VENEZUELA. IN ADDITION THERE IS A USTTA/FLORIDA PRINT CAMPAIGN WITH THESE SPONSORS IN BRAZIL AND MEXICO.

THE SECOND T.V. CAMPAIGN IS WITH USTTA, NEW YORK, AND PAN AM IN THE UNITED KINGDOM. THERE IS A USTTA/NEW YORK PRINT CAMPAIGN IN GERMANY, ITALY, AND FRANCE.

THE THIRD CAMPAIGN IS WITH USTTA, ILLINOIS, AND TWA IN THE UNITED KINGDOM.

THE FOURTH CAMPAIGN IS WITH USTTA, NEW ENGLAND, HERTZ, AND TWA IN THE U.K.

USTTA PUBLISHED IN GERMAN A 52 PAGE U.S. TRAVEL PLANNER WITH THE SUPPORT OF 22 PRIVATE SECTOR SPONSORS IN WEST GERMANY'S STERN MAGAZINE WHICH HAS A DISTRIBUTION OF 1.7 MILLION GERMAN READERS. 300,000 GERMAN LANGUAGE COPIES OF THIS TRAVEL PLANNER WILL BE USED AS A FULFILLMENT PIECE FOR THE TRADE AND CONSUMERS. OVER ONE MILLION COPIES OF THIS USTTA TRAVEL PLANNER WILL BE PUBLISHED BY AT&T, SHERATON, UNITED, AND PAN AM IN SEVEN LANGUAGES FOR DISTRIBUTION IN OTHER MAJOR FOREIGN MARKETS.

IN ADDITION, A TWO 16 PAGE SUPPLIMENTS ON THE SOUTH AND ON THE NEW ENGLAND REGION WAS PUBLISHED IN THE OBSERVER MAGAZINE IN THE UNITED KINGDOM.

TWO NEW TOUR PACKAGES HAVE BEEN DEVELOPED FOR THE OLD WEST TRAILS REGIONS IN THE DER CATALOGUE AND FOR THE HEARTLAND REGION IN TWA'S NORTH AMERICA TRAVEL SERVICE CATALOGUE.

USTTA TRANSLATED A TRAVEL PLANNER ON THE WEST REGION FOR THE JAPAN MARKET.

BETWEEN APRIL AND SEPTEMBER, USTTA IS CONDUCTING NINE U.S.A. REGIONAL "EXPORT NOW" SEMINARS WHICH WILL DEVELOP MARKETING PLANS FOR THE STATES, CITIES, AND PRIVATE SECTORS.

USTTA'S DESTINATION U.S.A. TRADE MAGAZINE HAS BEEN PUBLISHED IN BOTH GERMAN AND ENGLISH AND DISTRIBUTED IT THROUGHOUT EUROPE TO OVER 13,000 TRAVEL AGENTS.

FINALLY, USTTA OPENED A NEW OFFICE IN MIAMI TO COVER THE SOUTH AMERICAN MARKETS AND, THROUGH A CONTRACT, ESTABLISHED A PRESENCE TO SERVICE HONG KONG, TAIWAN, AND SOUTH KOREA.

IN FY 1989, SUBJECT TO THE AVALIBILITY OF RESOURCES, USTTA PLANS TO EXPAND ITS T.V. CAMPAIGNS BY ADDING NEW DESTINATIONS SUCH AS CALIFORNIA, MISSOURI, WASHINGTON, AND ARIZONA. USTTA PLANS TO DEVELOP MORE TOUR PACKAGES FOR LESS WELL KNOWN REGIONS FOR FOREIGN WHOLESALERS TO SELL, EXPAND THE COOPERATIVE PROGRAMS BETWEEN PUBLIC AND PRIVATE ENTITIES, AND MOTIVATE THE 20 U.S. CONVENTION AND VISITORS BUREAUS TO INITIATE OR EXPAND THEIR MARKETING EFFORTS TO ATTRACT 35 NEW INTERNATIONAL CONGRESSES TO BE HELD IN THEIR VENUES.

IN ADDITION, USTTA WILL CONTINUE:

- DEVELOPING AND PROVIDING ACCURATE, TIMELY RESEARCH DATA ON TRAVEL NECESSARY FOR PLANNING IN THE PUBLIC AND PRIVATE SECTORS;

-- EVALUATING THE IMPACT AND RELATIVE EFFECTIVENESS OF USTTA PROMOTIONAL PROGRAMS;

-- REDUCING FOREIGN AND DOMESTIC IMPEDIMENTS TO INBOUND AND OUTBOUND TOURISM THROUGH LEGISLATION, BILATERAL AND MULTILATERAL NEGOTIATIONS, AND AIRPORT FACILITATIVE PROGRAMS;

-- PROVIDING TOURISM POLICY COORDINATION THROUGH THE TOURISM POLICY COUNCIL AND LEGISLATED STATE TOURISM POLICIES;

-- IMPLEMENTING PROVISIONS OF TOURISM AGREEMENTS THE UNITED STATES HAS WITH OTHER COUNTRIES, AND

-- FACILITATING PRIVATE INDUSTRY'S EFFORTS ABROAD IN FOREIGN MARKETS.

MR. CHAIRMAN, ALL SIGNS INDICATE USTTA IS SUCCEEDING IN ACHEIVING ITS GOALS.

IN 1987, THE U.S. BENEFITTED FROM NEARLY 29 MILLION FOREIGN VISITORS, A RECORD 14 PERCENT INCREASE OVER 1986, ACCOUNTING FOR $19.5 BILLION IN EXPORT EARNINGS FOR THE UNITED STATES, UP FROM $15.9 IN 1986 FOR A 23 PERCENT INCREASE.

FOR THE FIRST TIME, THE UNITED STATES ENJOYED A $1.223 BILLION TRAVEL TRADE SURPLUS WITH JAPAN. JAPANESE VISITORS, BUOYED BY FAVORABLE EXCHANGE RATES AND LOW AIR FARES, CAME TO THE UNITED STATES IN RECORD NUMBERS. SOME 2.1 MILLION JAPANESE VISITORS, A 27 PERCENT INCREASE OVER 1986, SPENT A RECORD $2.1 BILLION DOLLARS WHILE TRAVELING IN THE UNITED STATES.

IN ADDITION TO TRAVEL RELATED EXPENDITURES, FOREIGN VISITOR PURCHASES OF GOODS HAVE INCREASED DRAMATICALLY. A REPORTED 20 PERCENT OF SALES AT BLOOMINGDALES WERE TO FOREIGN VISITORS. THE NEW YORK FOOT LOCKER STORE AT PIER 17 REPORTS THAT FOREIGN VISITOR PURCHASES REPRESENT 75 PERCENT OF THEIR BUSINESS.

FOREIGN TOURISM TO THE UNITED STATES IS EXPECTED TO CONTINUE INCREASING IN 1988 AND 1989. CURRENT PROJECTIONS ARE, FOR ARRIVALS TO TOP 29.3 MILLION IN 1988 AND 30.5 MILLION IN 1989. EXPORT EARNINGS FROM TOURISM ARE EXPECTED TO RISE BY 11 PERCENT IN 1989 TO $22 BILLION.

AND IF THE FIGURES FOR THE FIRST TWO MONTHS OF 1988 ARE ANY INDICATION, USTTA'S PROJECTIONS WILL AGAIN PROVE CONSERVATIVE. FOR THE FIRST TWO MONTHS OF 1988, TOTAL INBOUND VISITATION WAS 1.5 MILLION -- AN INCREASE OF 16 PERCENT. CANADIAN ARRIVALS WERE UP 9 PERCENT AND MEXICAN ARRIVALS WERE UP 11 PERCENT. ARRIVALS FROM ALL OVERSEAS COUNTRIES INCREASED BY 24 PERCENT. PARTICULARLY LARGE INCREASES WERE REGISTERED FOR ARRIVALS FROM WESTERN EUROPE, UP 32 PERCENT; AND ASIA, UP 30 PERCENT. FOR THE SEVEN MAJOR USTTA OVERSEAS MARKETS, THE FOLLOWING CHANGES IN ARRIVALS FROM JANUARY TO FEBRUARY WERE SEEN: ARRIVALS FROM JAPAN UP 29 PERCENT; U.K. UP 32 PERCENT; GERMANY UP 41 PERCENT; FRANCE UP 20 PERCENT; ITALY UP 12 PERCENT; THE NETHERLANDS UP 35 PERCENT; AND AUSTRALIA UP 28 PERCENT.

EVEN MORE ENCOURAGING IS THE FACT THAT OVERSEAS VISITORS TO THE UNITED STATES HAVE BEEN DISCOVERING THE REST OF AMERICA. THE THREE STATES DOMINATE THE VISITOR STATISTICS - CALIFORNIA, FLORIDA, AND NEW YORK -- USTTA HAS SEEN MANY OTHER STATES AND TERRITORIES GAIN IN FOREIGN VISITATION AS WELL. FROM 1985 THROUGH 1987 OVERSEAS VISITATION GREW 38 PERCENT FOR THE NATION AS A WHOLE, BUT 24 STATES AND TERRITORIES GREW MUCH FASTER THAN THAT. THESE "NON-TRADITIONAL" DESTINATIONS ARE GAINING MARKET SHARE. THEY ARE GETTING A LARGER PIECE OF A GROWING ARRIVALS PIE. THESE STATES AND TERRITORIES ARE: ALABAMA; ALASKA; ARIZONA; ARKANSAS; COLORADO; GEORGIA; INDIANA; IOWA; KENTUCKY; LOUISIANA; MINNESOTA; MISSOURI; NEVADA; NEW MEXICO; NORTH CAROLINA; SOUTH CAROLINA; SOUTH DAKOTA; TENNESSEE; UTAH; VIRGINIA; THE VIRGIN ISLANDS; WASHINGTON; WISCONSIN; AND WYOMING.

THERE ARE TWO MAJOR EXPLANATIONS FOR THE "SPREADING OUT" OF THE OVERSEAS ARRIVALS. ONE HAS TO DO WITH THE INCREASING SHARE OF REPEAT VISITORS. IN 1986, 75 PERCENT OF OVERSEAS VISITORS HAD BEEN TO THE U.S. BEFORE. IN 1987, 78 PERCENT WERE REPEAT VISITORS. MAJOR DESTINATIONS LIKE NEW YORK ARE USUALLY MORE ATTRACTIVE TO THE FIRST TIME VISITOR. REPEAT VISITORS SEEK OUT NEW PLACES TO GO.

CLEARLY, THE FAVORABLE EXCHANGE RATES NOW ENJOYED BY THE JAPANESE AND THE EUROPEANS CONTRIBUTE TO THIS INCREASE IN AMERICA'S LARGEST BUSINESS EXPORT.

IN ADDITION, THE STATE DEPARTMENT'S EFFORTS TO IMPLEMENT VISA WAIVER IN THE U.K. AND JAPAN WILL INCREASE INBOUND TRAVEL. HOWEVER, THE PROGRAMS AND EFFORTS OF USTTA IN PARTNERSHIP WITH THE STATES AND PRIVATE SECTOR PLAY AN IMPORTANT ROLE IN INFORMING INTERNATIONAL TRAVELERS OF WHAT THE UNITED STATES HAS TO OFFER.

IN THE LAST TWO YEARS, USTTA HAS PLACED GREATER EMPHASIS ON DEALING WITH REGIONAL ENTITIES DEVOTED TO PROMOTING INBOUND TRAVEL TO THE UNITED STATES. INCREASED INVOLVEMENT HAS COME THROUGH THE "EXPORT NOW" SEMINARS AND COOPERATIVE ADVERTISING EFFORTS WITH THESE REGIONAL ENTITIES. AREAS OF THE U.S. THAT HAD LITTLE OR NO EXPERIENCE IN THE INTERNATIONAL TRAVEL MARKET NOW HAVE A BETTER IDEA OF THE SIGNIFICANCE OF THE MARKET AND HOW TO ENTER IT.

MR. CHAIRMAN, TOURISM IS AN IMPORTANT SOURCE OF INCOME FOR THE UNITED STATES AND FOR MOST COUNTRIES IN THE WORLD. IN 1987, ACCORDING TO THE WORLD TOURISM ORGANIZATION, TOURISM ARRIVALS WERE ABOUT 355 MILLION OF WHICH, AS I NOTED BEFORE, THE UNITED STATES RECEIVED 29.5 MILLION. TOTAL RECEIPTS WORLDWIDE FROM INTERNATIONAL TOURISM WERE $150 BILLION, OF WHICH THE UNITED STATES RECEIVED $15.5 (EXCLUDING TRANSPORTATION). WORLDWIDE EXPENDITURES FOR DOMESTIC AND INTERNATIONAL TOURISM TOGETHER IN 1987 WERE ESTIMATED AT $2 TRILLION. FOR THE UNITED STATES THESE EXPENDITURES WERE $292 BILLION.

OBVIOUSLY, MR. CHAIRMAN, THE UNITED STATES IS DOING ALL RIGHT IN TERMS OF ITS SHARE OF THE MARKET, BUT THE UNITED STATES COULD DO BETTER.

MOST ESPECIALLY, MR. CHAIRMAN USTTA BELIEVES THE NORTHWEST UNITED STATES COULD DO BETTER.

RECENTLY USTTA UNDERTOOK AN ANALYSIS OF TOUR PRODUCTS ON THE SHELF IN AMERICA'S NINE MAJOR OVERSEAS MARKETS. WHAT WE FOUND OUT ABOUT THIS REGION OF THE UNITED STATES WAS AMAZING.

FOR THE PURPOSES OF THIS STUDY, OREGON WAS PUT TOGETHER WITH IDAHO, WASHINGTON, NEVADA, AND CALIFORNIA IN AN AREA WE CALL U.S. WEST. IN COMPARISON TO ALL 12 OF THE MARKET REGIONS, U.S. WEST HAD THE LARGEST PERCENT OF TRAVEL PRODUCTS ON THE EXPORT SHELF.

THAT IS THE GOOD NEWS.

THE BAD NEWS IS THAT CALIFORNIA HAD 61.3 PERCENT OF THOSE PRODUCTS WHILE WASHINGTON HAD 5.2 PERCENT, IDAHO HAD ONE PERCENT, AND OREGON HAD 2.5 PERCENT OF THE TOTAL PRODUCTS FROM THE REGION.

NEVADA HAD 30 PERCENT OF THE TRAVEL PRODUCTS ON THE FOREIGN SHELF FROM THIS REGION.

LOOKING AT THE SITUATION FROM THE PERSPECTIVE OF THE ECONOMIC IMPACT TRAVEL EXPORTS HAVE ON OREGON, WE FIND THAT CALIFORNIA RANKS AMONG ALL STATES WITH GROSS TOURISM EXPORT INCOME OF NEARLY $3 BILLION, IDAHO RANKS 41ST WITH GROSS TOURISM EXPORT INCOME OF $20.8 MILLION, WASHINGTON IS 12TH WITH GROSS TOURISM EXPORT INCOME OF $322 MILLION, AND OREGON RANKS 24TH WITH GROSS TOURISM EXPORT INCOME OF $74.5 MILLION.

FOR WELL OVER A YEAR, USTTA HAS HAD A RUNNING DIALOGUE WITH THE DISTINGUISHED CONGRESSMAN FROM PORTLAND, MR. WYDEN, CONCERNING THIS SITUATION. WE HAVE ENCOURAGED OUR OVERSEAS DIRECTORS, PARTICULARLY OUR DIRECTOR IN JAPAN TO PURSUE DISCUSSIONS WITH THE STATE TRAVEL COMMISSIONERS FROM THE U.S. WEST REGION, AND WE HAVE PURSUED SIMILAR DISCUSSIONS WITH THE TRAVEL INDUSTRY FROM THE REGION.

FROM USTTA'S PERSPECTIVE THE NEED TO ADDRESS TRAVEL PRODUCT DEVELOPMENT IN THIS REGION, USING PORTLAND AS A GATEWAY FROM JAPAN, THE PACIFIC RIM, AND OCEANA IS IMPORTANT.

JUST AS USTTA HAS WORKED WITH THE INDUSTRY FROM OTHER REGIONS OF THE COUNTRY, THROUGH THE EXECUTION OF "EXPORT NOW" TRADE DEVELOPMENT CONFERENCES, THROUGH THE CREATION OF INTERNATIONAL TRAVEL MARKETING COMMITTEES AND THROUGH THE PLANNING AND TRAVEL PRODUCT DEVELOPMENT THESE COMMITTEES HAVE DONE, SO TO IS USTTA READY, WILLING AND ABLE TO WORK WITH THIS REGION TO ACHIEVE SIMILAR OBJECTIVE.

FINALLY, MR. CHAIRMAN, LET ME TURN FOR A MOMENT AND ADDRESS YOUR LATEST INITIATIVE, A BILL TO ESTABLISH A WHITE HOUSE COMMISSION ON TOURISM.

FOR MANY YEARS, I HAVE ADMIRED THE INITIATIVE, LEADERSHIP, AND UNENDING INTEREST YOU, MR. CHAIRMAN, HAVE TAKEN IN THE TRAVEL AND TOURISM INDUSTRY.

I HAVE APPRECIATED THE OPPORTUNITY TO PARTICIPATE IN THE SERIES OF FIELD HEARINGS YOUR SUBCOMMITTEE HAS HELD THIS YEAR.

IN MY MIND, AND SPEAKING PERSONALLY, I BELIEVE YOUR PROPOSAL IS A GOOD ONE.

USTTA AND ITS PREDECESSOR USTS ARE NOW 26 YEARS OLD. THE NATIONAL TOURISM POLICY ACT IS ITSELF SEVEN YEARS OLD. DURING THESE YEARS A LOT HAS CHANGED ABOUT THE INDUSTRY AND ABOUT THE MISSION AND METHODOLOGY OF THE FEDERAL GOVERNMENT'S ROLE IN BEHALF OF THIS IMPORTANT SECTOR OF OUR NATION'S ECONOMY.

I APPLAUD YOUR PROPOSAL AND AM HOPEFUL THAT I MAY PLAY SOME ROLE IN THE CONVENING OF THIS COMMISSION IN THE YEAR AHEAD.

MR. CHAIRMAN THAT CONCLUDES MY TESTIMONY. I WOULD BE PLEASED TO ANSWER ANY QUESTIONS THE SUBCOMMITTEE MAY HAVE.

POTENTIAL RESPONSIBILITIES FOR PART-TIME MARKETING PERSON

1. Files
   - --re-categorize
   - --new labeling
   - --coordination with airport

2. Phone relief

3. Projects:

--Update mailing lists
--Fulfill general info requests (phone and written)
--Put together marketing packets as needed
--Update fact sheets/collateral material
--Organize proposals (master lists; computer-entry, etc.)
--trade show research and recommendations
--regional airport profiles
--mail outs (PDX postcards, etc.)
--carrier updated material
  --get annual reports, press release mailings, etc.
--business survey with Chamber of Commerce
--Shipper survey update

DESCHUTES COUNTY
Board of Commissioners
Administration Bldg. / Bend, Oregon 97701 / (503) 388-6570
Lois Bristow Prante
Dick Maudlin
Tom Throop

DESCHUTES COUNTY LOCAL BUSINESS SURVEY

Deschutes County conducted a telephone survey in September 1987, in which 113 county businesses were surveyed. The survey sample used was Bend, Redmond, and Sisters Chamber of Commerce members.

Of those 113 businesses surveyed:

- 47 have been established for over ten years
- 66 had been established for ten years or less

Of the 47 businesses that have been established for over ten years, 25 (or 53 percent) moved to Central Oregon as a result of first visiting here or because they valued the quality of life the area has to offer. The range of these businesses include:

membrane research
publishing
signs
countertops
woodworking
education
advertising
industrial rollers
boatbuilders
special machinery
membrane manufacturing
precast concrete products
plastics
computer systems and software
manufacturing
picture framing
electronics
design engineering
tipi makers

Of those 66 businesses established for ten years or less, 47 (or 71 percent) relocated after first visiting or because they valued the quality of life the area has to offer. The range of these businesses include:

computer software manufacturing companies
communications network equipment manufacturing
power control devices
electronic/computerized timing equipment for sporting events
ceramic/metal seals
semi-conductor manufacturing
tactical remote sensing devices
image processing research
radio transmitter, biology, and medical research
several wood furniture manufacturers

specialized tools and machinery
sawblade manufacturing
cabinetry
video equipment sales and rental
manufacturing of sports equipment
architectural firms
solar products
several magazine publishers
pneumatic conveyors
pollution control systems
heating and sheetmetal
welding
printing and publishing
pottery
graphic arts
dental equipment manufacturing
wood products remanufacturing
dental ceramics
sign companies
custom kitchen designers
educational consultants
educational materials

Over the last ten years, there has been a significant increase in businesses who chose to move to Central Oregon after visiting the area. The Central Oregon Regional Strategy is designed to further tap this phenomenon.

Of the 113 businesses surveyed, a total of 72 (or 64 percent) are owned by people who came to the area as a result of visiting the area or who chose to live here because of the quality of life. Those businesses employ a total of 946 full-time and 37 part-time or seasonal employees.

Of those 72 businesses that came here as a result of tourism or quality of life, 47 (or 65 percent) came to the area within the last ten years and employ a total of 540 full-time and 12 part-time or seasonal employeees (56 percent of the total jobs created). This signifies a trend of more recent economic growth, which corresponds with the increase in area tourism promotion over that period of time.

Prior to 1975, there were no high-tech businesses in Bend. Bend Research and Oregon Communications began business in 1975. Today, there are 19 high-tech businesses in the area, employing over 370 people.

ANALYSIS OF INTERNATIONAL AIR TRAVEL TO AND FROM THE UNITED STATES ON U.S./FOREIGN FLAG CARRIERS DURING 1987

Including

A SPECIAL ANALYSIS OF THE PERIOD 1980-1987

Prepared by

Office of Research
United States Travel & Tourism Administration
United States Department of Commerce

June 1988

Introduction

This report contains a brief analysis highlighting the use of U.S. and foreign air carriers. It is categorized by American citizens and foreign visitors entering and departing the United States in 1987.* The analysis is done in four parts: (1) total international arrivals and departures by U.S. and foreign flag carriers, (2) U.S. citizen arrivals and departures by U.S. and foreign flag carriers, (3) foreign (alien) arrivals and departures by U.S. and foreign flag carriers, and (4) a time series study of factors 1, 2, & 3 above from 1980 to 1987.

The U.S. carriers' competitive position is analyzed in terms of current market shares and changes in passenger volumes between 1986 and 1987. Data on the carriers' shares of scheduled and chartered flights are also provided.

Overview

- In 1987, the total volume of air passenger traffic between the United States and other countries (excluding Canada) was up 13.3 percent from 1986.
- Foreign flag carriers increased their passenger volume by 9.6 percent in 1987. U.S. carriers increased their passenger volume 17.5 percent from 1986.
- Foreign flag carriers achieved a 50.8 percent share of the total market, down from a 52.9 percent share in 1986. U.S. carriers accounted for the remaining 49.1 percent share, up from their 47.1 percent share a year earlier.
- The number of U.S. citizens traveling internationally in 1987 was up 12.5 percent; U.S. carriers transported 14.8 percent more U.S. citizens, while foreign carriers' volume of U.S. citizens was up 9.9 percent from 1986.
- The number of foreign visitors traveling to and from the United States by air increased by 14.6 percent in 1987.
- U.S. citizens flew on U.S. carriers on 54.4 percent of their trips.
- Foreign visitors flew on foreign carriers for 58.9 percent of their trips.
- A time series analysis going back to 1980 shows that total passenger volumes remained steady from 1980 to 1983, but since then it has continued to rise.
- With the exception of 1983, foreign flag carriers have had over 50 percent of the market share of the total traffic, between 1980 and 1987.

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* Data in this report excludes Canada. All other world destinations are included.

I. Total International Air Travel by U.S. & Foreign Flag Air Carriers (Tables 1A & B)

In 1987, the volume of passenger traffic between the United States and other countries increased. This 13.3 percent growth in travel over 1986 excludes Canada. The total number of arrivals plus departures was 55,307,690. Of this traffic, 33,429,944 were U.S. citizens, and 21,877,746 were foreigners.

During 1987, foreign flag carriers increased their passenger volume by 9.6 percent, while U.S. carriers showed a 17.5 percent gain. This is a substantial percentage compared to the 1986 U.S. figure of 2.1 percent. In 1986, foreign carriers held a 52.9 percent share of the market. This left U.S. carriers with 47.1 percent. By 1987, foreign carriers dropped to a 50.8 percent share of the market, while U.S. flag carriers climbed to 49.1 percent.

Four regions showed a tremendous growth by U.S. flag carriers. Europe had an increase of 28.9 percent for 1987 on U.S. carriers, while foreign flag carriers expanded 12.9 percent. U.S. flag carriers experienced 22.5 percent growth in the Mexican market compared to 2.0 percent for 1986. The foreign carriers' rate of increase was down to 9.6 percent in 1987. Asia/Middle East showed a 17.8 percent growth for U.S.flag carriers while foreign carriers increased by 13.1 percent. The data for 1986 shows a 2.8 percent increase for U.S. airlines while the foreign flag carriers had gained 8.9 percent. Oceania provided U.S. carriers with a 17.1 percent increase, while foreign carriers grew 6.7 percent.

Unlike the previous year, 1987 saw good overall growth. Growth of foreigner travel remained steady between 1986 and 1987. On the other hand, U.S.citizen travel experienced a turnaround. After a slight drop in 1986, there was a marked increase in 1987. The following two sections examine the comparative passenger volumes of citizens and non-citizens by U.S. carriers and foreign carriers. It will examine what effect the comparative changes in travel had on market shares during 1987.

II. U.S. Citizens' Air Travel to & from the United States (Tables 2A & B)

The total volume of U.S. citizen international air travel was up by 12.5 percent in 1987. There were increases in all areas except Africa, where there was a sharp drop. Overall, 54.4 percent of U.S. citizens used U.S. air carriers for their international trips. Up from a 52.9 percent share in 1986.

Total U.S. citizens travel on American carriers grew by 14.8 percent between the United States and the rest of the world. Foreign carriers reported a 9.9 percent increase in the number of U.S. citizens traveling on their airlines.

III. Foreign Visitors' (Alien) Air Travel to & from the United States (Tables 3A & B)

In 1987, foreign visitor air travel also rose. The increase in volume was 14.6 percent. Foreign flag carriers had an increase of 9.3 percent over 1986 in their non-U.S. citizen passenger volume. This gave foreign flag carriers a 58.9 percent share of the total foreign visitor market. U.S. flag carriers showed an increase of 23.3 percent, for a total market share of foreign travelers equalling 41.0 percent.

Most of the regional markets of the world showed some market share gap favoring foreign carriers. In the South American market, 57.2 percent of foreign travelers chose non-U.S carriers. In the Central American market, 59.3 percent chose foreign carriers, and in Asia/Middle East, 65.2 percent. For the entire overseas market, 59.8 percent of foreign travelers flew on a foreign flag carrier. U.S carriers flew 40.1 percent of the foreigners. Only on routes between the United States and Mexico did U.S. carriers transport a majority of the foreign air passengers.

IV. An Analysis of Passenger Volume and Market Share from 1980-1987

Total air passenger traffic to and from the U. S. has increased by 44 percent from 1980 to 1987. The composition, however, changed substantially after 1982. U.S. citizens overtook and surpassed foreign travelers in numbers going into and out of the country. This trend continues except for a dip in 1986 when U.S. traffic decreased by 1 percent from the previous year. (Table 4, and figures 1 & 2).

The year 1983 was a peak for U.S. carriers with a 50.7 percent share of total air travelers. Since this time foreign carriers have steadily gained, peaking at a 52.9 percent market share of travelers in 1986. Yet 1987 saw a 2.0 percentage point rise for the U.S. flag carriers, for a total of 49.1 percent.

By examining the overseas market only, these increases become more apparent. The U.S. market share of overseas traffic was 50.1 percent for 1987, the highest since 1983. At that time the American flag carriers held a 50.8 percent share of the overseas market. The 1987 increase in U.S. market share accompanies a drop for the foreign market share, which peaked in 1981 at 53.3 percent. In 1987, foreign flag carriers held a 49.9 percent share of the market. (Table 5, and figures 3 & 4).

In looking at the preferences of U.S. citizens, it is easy to see that U.S. carriers dominate in getting their business. Yet, until 1987, that dominance had been weakening. U.S. carriers experienced a peak in 1982 with a 57.2 percent share of U.S. citizens traveling overseas and to Mexico. Foreign carriers have never had a dominate position with U.S. citizens. However, since this peak, market share has been steadily slipping.

1987 experienced a greater number of U.S. citizens choosing to fly U.S. carriers. This resulted in a 54.4 percent market share, the highest since 1984. The climb in 1987 is more obvious on examination of overseas traffic. A 2.0 percentage point gain over 1986 brought 1987's market share up to 57.3 percent, again the greatest share since 1984. The high for overseas traffic occurred in 1983, at a market share of 58.6 percent, only 1.2 percentage points higher than 1987. (Table 6, and Figures 5 & 6).

With regard to all foreign visitors to and from the U.S. there is a great reliance on foreign carriers. The market share remained relatively constant from 1980 to 1982, around a 58/42 split in favor of foreign flag carriers. From 1983 until 1985, foreign visitors began using foreign carriers in increasing numbers. Statistics show that market share increased from 57.7 percent in 1982, to a high of 62.4 percent in 1985. It then dropped down to 58.9 percent in 1987. This results in an overall increase of only 1.2 percentage points since 1982.

The 1987 market share figure of 58.9 percent of foreign traffic on foreign carriers is the lowest since 1983. This drop has boosted the American flag carriers from 37.6 percent in 1985 to 41.0 percent in 1987. Inspecting overseas traffic of aliens alone shows the proportion remains the same, although absolute foreign carrier market share is higher. The 1987 U.S. carrier market share of foreign travelers (overseas only) was 40.1 percent. This is the second year in a row of an increased share in this area. (Table 7, and figures 7 & 8)

Interpretations over such a short span of time are difficult to make, but there are some trends worth addressing. The size of the air travel pie is increasing. The 1982-1983 period was obviously a pivotal time. The number of U.S. citizens traveling abroad grew to exceed the amount of foreign visitors. Accompanying this was an increase in the number of U.S. citizens favoring foreign carriers. Yet this trend has shown signs of weakening. In 1987 U.S. citizens turned to U.S. carriers in larger numbers, abandoning the foreign carriers. Foreign visitors have also begun to favor the use of U.S. carriers. The current gains by U.S. carriers are the result of an overall increase in travel with a preference for U.S. carriers.

TABLE 1A

INTERNATIONAL AIR TRAVEL BETWEEN THE U.S. AND WORLD REGIONS
TOTAL PASSENGER ARRIVALS AMD DEPARTURES BY FLAG OF CARRIER

CALENDAR YEAR 1987

	Scheduled			Chartered			Total		
Region/Country of Embarkation/Debarkation	U.S. Carrier	Foreign Carrier	Scheduled as Percent of Total	U.S. Carrier	Foreign Carrier	Chartered As Percent of Total	U.S. Carrier	Foreign Carrier	Total Passenger Volume
By Share of Total :	%	%	%	%	%	%	%	%	
Europe	46.5	53.5	94.8	47.8	52.1	5.2	46.6	53.4	21,363,477
South America	45.1	54.9	97.3	39.5	60.5	2.7	44.9	55.0	3,117,543
Central America	43.4	56.5	99.6	43.5	56.5	0.4	43.4	56.5	1,591,478
Caribbean	67.9	32.0	89.8	80.9	19.1	10.2	69.2	30.7	10,484,125
Asia / Middle East	40.9	59.1	98.5	20.5	79.4	1.5	40.6	59.4	9,534,123
Oceania	48.4	51.6	99.3	51.1	48.8	0.7	48.4	51.6	2,077,083
Africa	14.4	85.5	99.2	42.2	57.7	0.8	14.6	85.3	150,294
TOTAL OVERSEAS	49.5	50.4	95.0	60.5	39.5	5.0	50.1	49.9	48,318,123
Mexico	41.1	58.8	96.0	78.9	21.1	4.0	42.6	57.4	6,989,567
TOTAL (excluding Canada)	48.4	51.5	95.1	62.4	37.6	4.9	49.1	50.8	55,307,690

Source: DOT/TSC I92 Data Base, Form WRTS1A

Data Retrieved : 05/11/88

TABLE 1B

INTERNATIONAL AIR TRAVEL BETWEEN THE U.S. AND WORLD REGIONS
PERCENT CHANGE IN VOLUME

CALENDAR YEAR 1987

Region/Country of Embarkation/Debarkation	Scheduled		Chartered		Total		
	U.S. Carrier	Foreign Carrier	U.S. Carrier	Foreign Carrier	U.S. Carrier	Foreign Carrier	Passenger Volume
By Percentage Change in Volume, 1987 / 1986 :	%	%	%	%	%	%	%
Europe	26.0	14.4	122.8	-9.3	28.9	12.9	19.9
South America	15.2	7.5	73.5	9.9	16.1	7.6	11.3
Central America	15.2	-3.1	-56.9	-56.4	14.5	-3.5	3.5
Caribbean	6.3	-7.8	-8.8	-13.2	4.2	-8.1	0.1
Asia / Middle East	17.6	12.8	51.1	27.7	17.8	13.1	14.9
Oceania	25.8	7.2	-88.0	-39.9	17.1	6.7	11.5
Africa	-69.4	-35.9	83.6	-75.8	-68.7	-36.5	-44.8
TOTAL OVERSEAS	17.1	8.6	13.1	-7.0	16.9	7.8	12.2
Mexico	22.2	21.7	26.3	28.0	22.5	21.8	22.1
TOTAL (excluding Canada)	17.6	10.3	14.7	-5.6	17.5	9.6	13.3

Source: DOT/TSC I92 Data Base, Form WRTS1B

Data Retrieved : 05/11/88

TABLE 2A

INTERNATIONAL AIR TRAVEL BETWEEN THE U.S. AND WORLD REGIONS
TOTAL U.S. CITIZEN ARRIVALS AND DEPARTURES BY FLAG OF CARRIER

CALENDAR YEAR 1987

	Scheduled			Chartered			Total		
Region/Country of Embarkation/Debarkation	U.S. Carrier	Foreign Carrier	Scheduled as Percent of Total	U.S. Carrier	Foreign Carrier	Chartered As Percent of Total	U.S. Carrier	Foreign Carrier	Total Passenger Volume
By Share of Total :	%	%	%	%	%	%	%	%	
Europe	51.4	48.5	96.0	57.1	42.9	4.0	51.7	48.3	12,242,982
South America	46.7	53.3	97.0	64.4	35.6	3.0	47.2	52.7	1,503,782
Central America	45.5	54.5	99.6	53.4	46.5	0.4	45.5	54.5	904,467
Caribbean	73.3	26.7	88.0	83.7	16.3	12.0	74.5	25.4	8,236,377
Asia / Middle East	48.8	51.2	99.2	37.7	62.3	0.8	48.7	51.2	3,978,719
Oceania	47.0	52.9	99.1	54.5	45.5	0.9	47.1	52.9	1,077,125
Africa	20.2	79.7	98.8	53.9	46.0	1.2	20.6	79.3	82,657
TOTAL OVERSEAS	56.3	43.7	94.4	73.6	26.3	5.6	57.3	42.7	28,026,109
Mexico	37.5	62.4	95.0	79.4	20.5	5.0	39.6	60.3	5,403,835
TOTAL (excluding Canada)	53.2	46.7	94.5	74.5	25.5	5.5	54.4	45.5	33,429,944

Source: DOT/TSC I92 Data Base, Form WRTS2A

Data Retrieved : 05/11/88

TABLE 2B

INTERNATIONAL AIR TRAVEL BETWEEN THE U.S. AND WORLD REGIONS
PERCENT CHANGE IN VOLUME

CALENDAR YEAR 1987

	Scheduled		Chartered		Total		
Region/Country of Embarkation/Debarkation	U.S. Carrier	Foreign Carrier	U.S. Carrier	Foreign Carrier	U.S. Carrier	Foreign Carrier	Passenger Volume
By Percentage Change in Volume, 1987 / 1986 :	%	%	%	%	%	%	%
Europe	23.0	16.3	97.1	-19.3	25.0	14.5	19.7
South America	27.4	11.0	98.4	31.7	29.3	11.3	19.2
Central America	21.0	-0.7	-38.5	-50.4	20.4	-1.1	7.6
Caribbean	6.4	-9.6	-8.9	-14.8	4.0	-10.1	0.0
Asia / Middle East	10.0	8.6	0.4	58.9	9.9	8.9	9.4
Oceania	23.1	5.0	-91.0	-29.8	8.2	4.6	6.3
Africa	-63.3	-31.0	231.6	-76.0	-62.3	-31.9	-41.6
TOTAL OVERSEAS	14.7	7.6	1.2	-14.9	13.6	6.7	10.5
Mexico	24.3	23.9	26.8	23.8	24.5	23.9	24.2
TOTAL (excluding Canada)	15.7	10.8	4.5	-11.7	14.8	9.9	12.5

Source: DOT/TSC I92 Data Base, Form WRTS2B

Data Retrieved : 05/11/88

TABLE 3A

INTERNATIONAL AIR TRAVEL BETWEEN THE U.S. AND WORLD REGIONS
TOTAL ALIEN ARRIVALS AND DEPARTURES BY FLAG OF CARRIER

CALENDAR YEAR 1987

Region/Country of Embarkation/Debarkation	Scheduled			Chartered			Total		
	U.S. Carrier	Foreign Carrier	Scheduled as Percent of Total	U.S. Carrier	Foreign Carrier	Chartered As Percent of Total	U.S. Carrier	Foreign Carrier	Total Passenger Volume
By Share of Total :	%	%	%	%	%	%	%	%	
Europe	39.7	60.3	93.2	40.5	59.4	6.8	39.7	60.2	9,120,495
South America	43.6	56.4	97.6	10.6	89.4	2.4	42.8	57.2	1,613,761
Central America	40.7	59.2	99.7	21.8	78.1	0.3	40.7	59.3	687,011
Caribbean	50.0	50.0	96.5	45.9	54.0	3.5	49.8	50.1	2,247,748
Asia / Middle East	35.1	64.8	98.0	15.8	84.1	2.0	34.7	65.2	5,555,404
Oceania	49.8	50.1	99.5	45.0	54.9	0.5	49.8	50.2	999,958
Africa	7.4	92.6	99.5	7.0	93.0	0.5	7.4	92.6	67,637
TOTAL OVERSEAS	40.3	59.7	95.8	36.4	63.6	4.2	40.1	59.8	20,292,014
Mexico	52.7	47.3	99.5	60.6	39.4	0.5	52.7	47.2	1,585,732
TOTAL (excluding Canada)	41.2	58.7	96.0	36.6	63.3	4.0	41.0	58.9	21,877,746

Source: DOT/TSC I92 Data Base, Form WRTS3A

Data Retrieved : 05/11/88

TABLE 3B

INTERNATIONAL AIR TRAVEL BETWEEN THE U.S. AND WORLD REGIONS
PERCENT CHANGE IN VOLUME

CALENDAR YEAR 1987

Region/Country of Embarkation/Debarkation	Scheduled		Chartered		Total		
	U.S. Carrier	Foreign Carrier	U.S. Carrier	Foreign Carrier	U.S. Carrier	Foreign Carrier	Passenger Volume
By Percentage Change in Volume, 1987 / 1986 :	%	%	%	%	%	%	%
Europe	31.7	12.4	160.8	-2.5	36.4	11.3	20.0
South America	5.1	4.7	-8.0	2.1	5.0	4.6	4.8
Central America	7.7	-5.8	-83.4	-62.2	6.8	-6.3	-1.3
Caribbean	5.9	-4.2	-6.5	-6.5	5.4	-4.3	0.3
Asia / Middle East	26.3	15.4	125.6	22.8	26.9	15.6	19.3
Oceania	28.8	9.9	-50.8	-50.7	27.7	9.1	17.6
Africa	-80.2	-40.3	-83.8	-75.5	-80.2	-40.7	-48.3
TOTAL OVERSEAS	22.0	9.5	101.0	0.0	23.9	9.0	14.5
Mexico	17.7	13.2	8.0	191.6	17.7	13.5	15.7
TOTAL (excluding Canada)	21.6	9.7	98.3	0.3	23.3	9.3	14.6

Source: DOT/TSC I92 Data Base, Form WRTS3B

Data Retrieved : 05/11/88

TABLE 4

ANALYSIS OF INTERNATIONAL AIR TRAVEL TO AND FROM THE UNITED STATES ON U.S./FOREIGN FLAG CARRIERS FOR 1980-1987

TOTAL PASSENGER TRAFFIC

U.S. Citizens and Aliens

	1980	1981	1982	1983	1984	1985	1986	1987
Total overseas	32,607,097	34,297,513	34,569,768	35,208,812	39,111,484	41,228,802	43,065,722	48,318,123
Mexico	5,760,746	6,248,444	4,959,420	5,352,813	5,707,133	5,387,822	5,717,470	6,989,567
Total Traffic	38,367,843	40,545,957	39,529,188	40,561,625	44,818,617	46,616,624	48,783,192	55,307,690

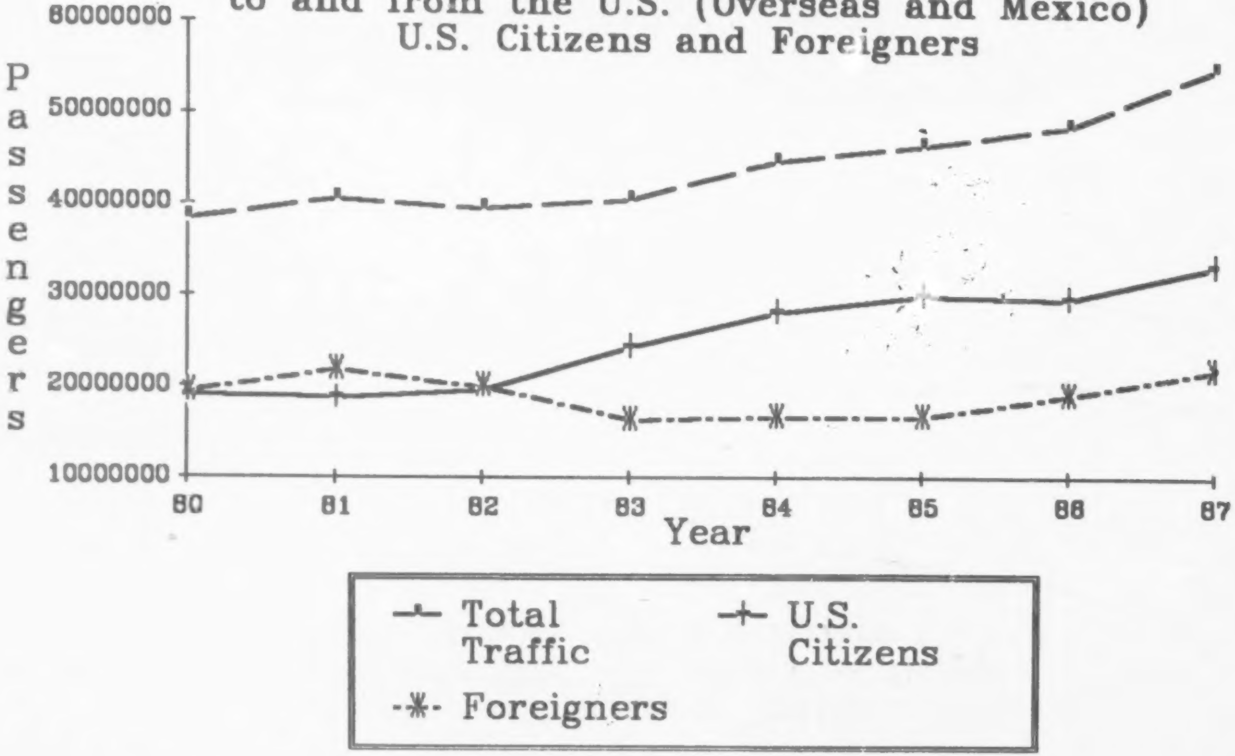
U.S. Citizens

	1980	1981	1982	1983	1984	1985	1986	1987
Total overseas	15,621,811	15,373,913	16,528,721	20,107,815	23,901,571	26,066,812	25,351,887	28,026,109
Mexico	3,358,955	3,363,289	3,031,617	4,154,663	4,248,788	3,932,161	4,348,314	5,403,835
Total Traffic	18,980,766	18,737,202	19,560,338	24,262,478	28,150,359	29,998,973	29,700,201	33,429,944

Aliens

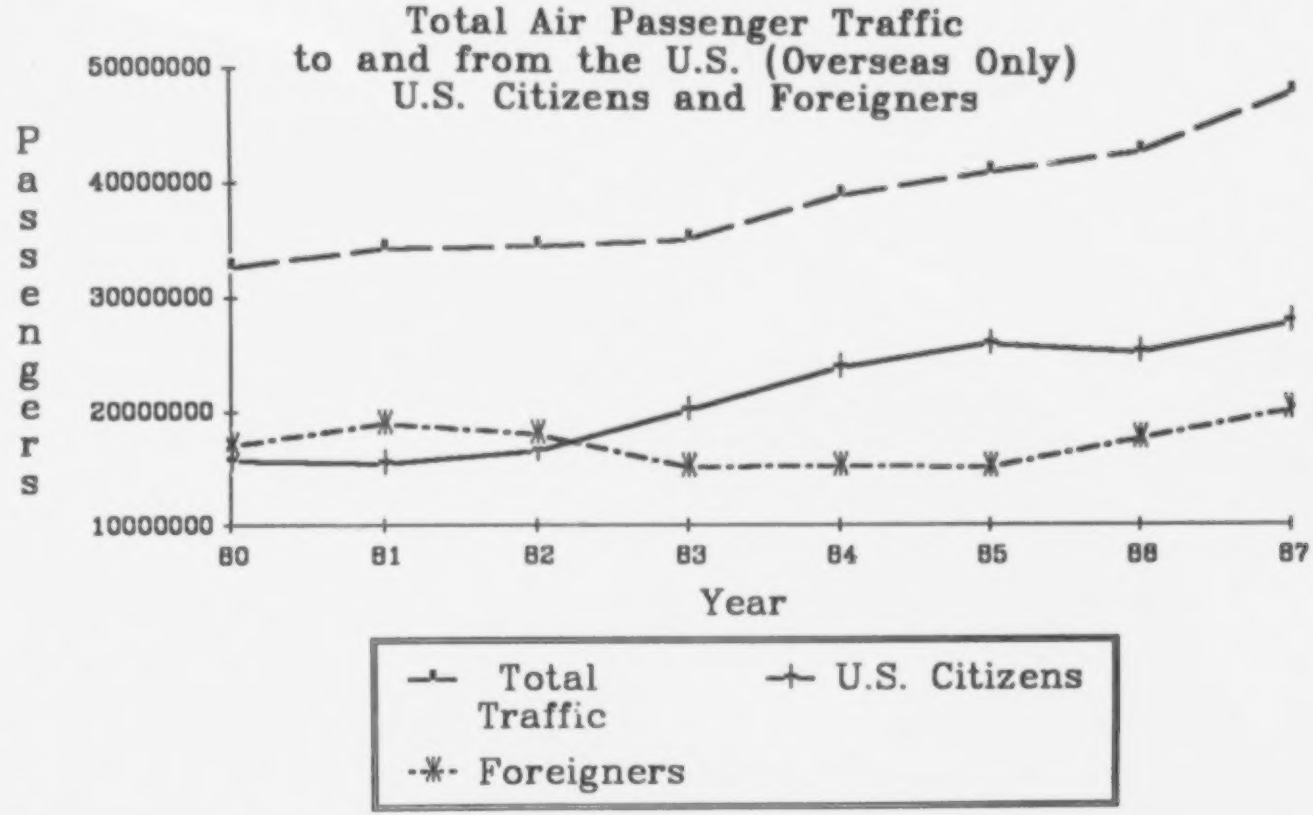
	1980	1981	1982	1983	1984	1985	1986	1987
Total overseas	16,985,286	18,923,600	18,041,047	15,100,997	15,209,913	15,161,990	17,713,835	20,292,014
Mexico	2,401,791	2,885,155	1,927,803	1,198,150	1,458,345	1,455,661	1,369,156	1,585,732
Total Traffic	19,387,077	21,808,755	19,968,850	16,299,147	16,668,258	16,617,651	19,082,991	21,877,746

FIGURE 1



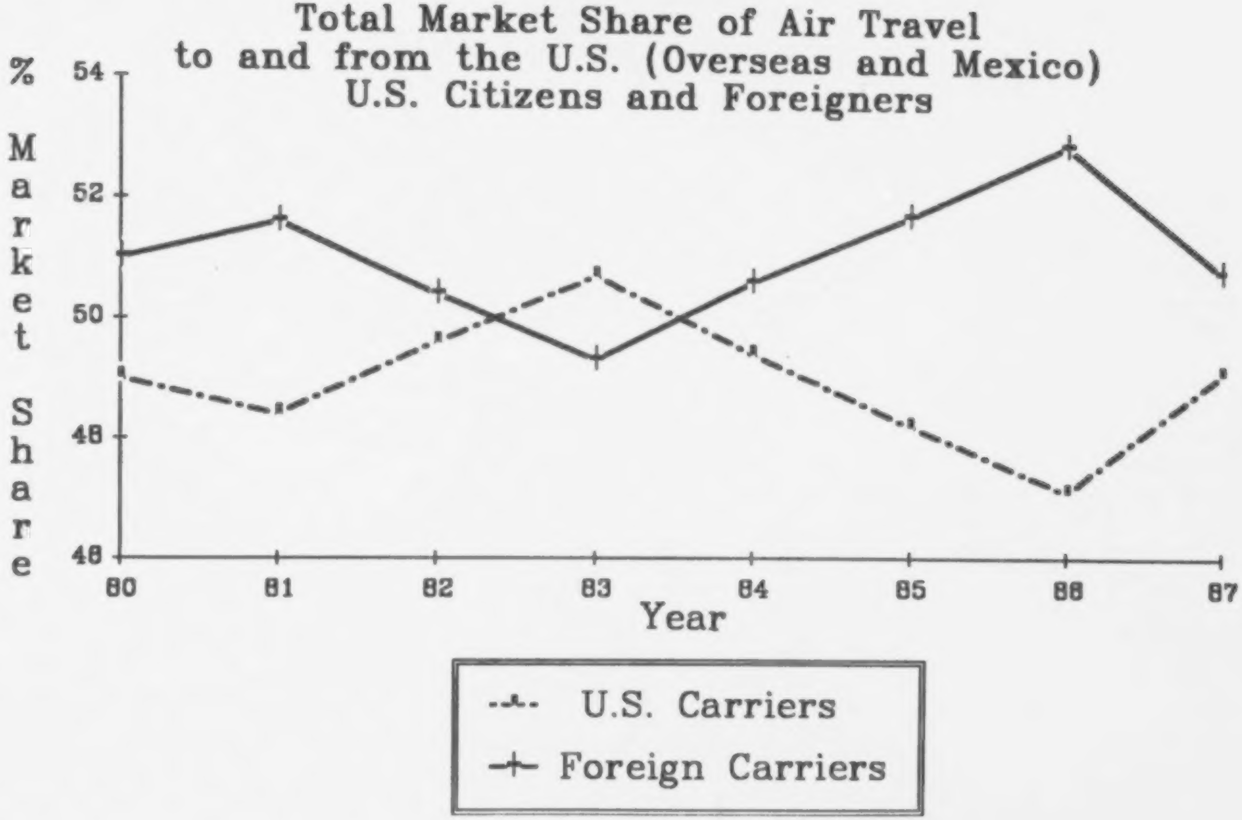
Total Air Passenger Traffic
to and from the U.S. (Overseas and Mexico)
U.S. Citizens and Foreigners

FIGURE 2



Total Air Passenger Traffic to and from the U.S. (Overseas Only) U.S. Citizens and Foreigners

FIGURE 3



Total Market Share of Air Travel to and from the U.S. (Overseas and Mexico) U.S. Citizens and Foreigners

TABLE 5

ANALYSIS OF INTERNATIONAL AIR TRAVEL TO AND FROM THE UNITED STATES
ON U.S./FOREIGN FLAG CARRIERS FOR 1980-1987

% TOTAL MARKET SHARE/U.S. CITIZENS AND ALIENS

U.S. Flag Carriers

	1980	1981	1982	1983	1984	1985	1986	1987
Total overseas	48.0	46.7	49.0	50.8	50.0	48.8	47.8	50.1
Mexico	59.0	57.4	54.4	50.0	45.5	43.6	41.9	42.6
Total Traffic	49.0	48.4	49.6	50.7	49.4	48.2	47.1	49.1

Foreign Flag Carriers

	1980	1981	1982	1983	1984	1985	1986	1987
Total overseas	52.0	53.3	51.0	49.2	50.0	51.1	52.2	49.9
Mexico	41.0	42.6	45.6	50.0	54.5	56.3	58.0	57.4
Total Traffic	51.0	51.6	50.4	49.3	50.6	51.7	52.9	50.8

FIGURE 4

Total Market Share of Air Travel
to and from the U.S. (Overseas Only)
U.S. Citizens and Foreigners

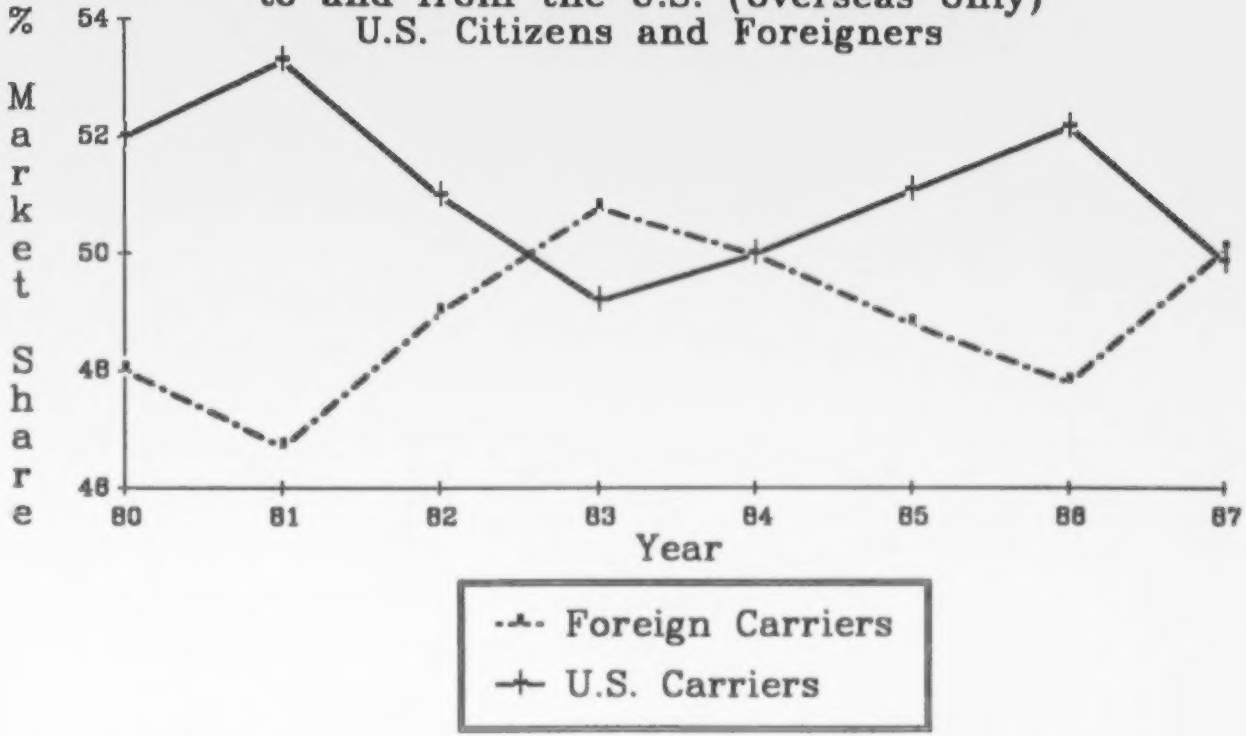


TABLE 6

ANALYSIS OF INTERNATIONAL AIR TRAVEL TO AND FROM THE UNITED STATES ON U.S./FOREIGN FLAG CARRIERS

% TOTAL MARKET SHARE/U.S. CITIZENS

U.S. Flag Carriers

	1980	1981	1982	1983	1984	1985	1986	1987
Total overseas	56.5	55.7	57.7	58.6	57.7	56.2	55.3	57.3
Mexico	55.9	58.4	54.3	48.8	43.4	40.5	38.8	39.6
Total Traffic	56.8	56.2	57.2	56.9	55.5	54.1	52.9	54.4

Foreign Flag Carriers

	1980	1981	1982	1983	1984	1985	1986	1987
Total overseas	43.5	44.3	42.3	41.4	42.3	43.8	44.7	42.7
Mexico	44.1	41.6	45.7	51.2	56.6	59.4	61.1	60.3
Total Traffic	43.2	43.8	42.8	43.1	44.5	45.8	47.1	45.5

FIGURE 5

Market Share of Air Travel
to and from the U.S. (Overseas and Mexico)
U.S. Citizens

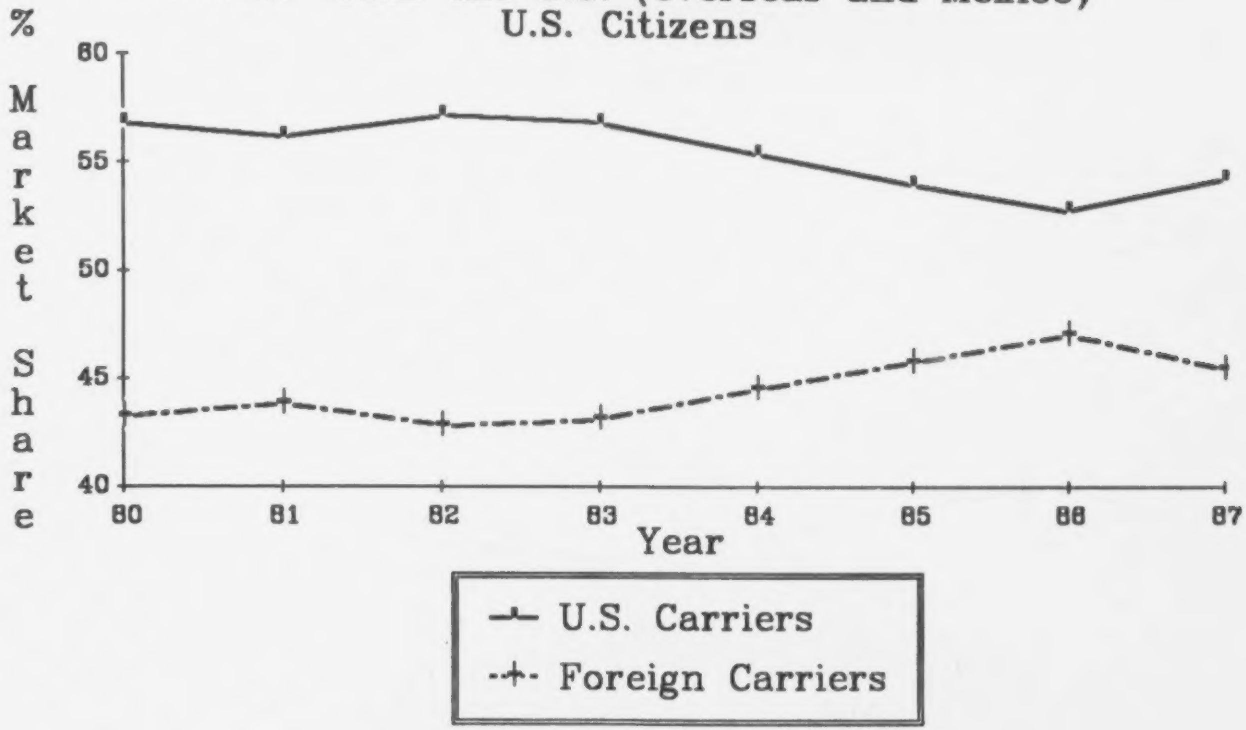


FIGURE 6

Market Share of Air Travel
to and from the U.S. (Overseas Only)
U.S. Citizens

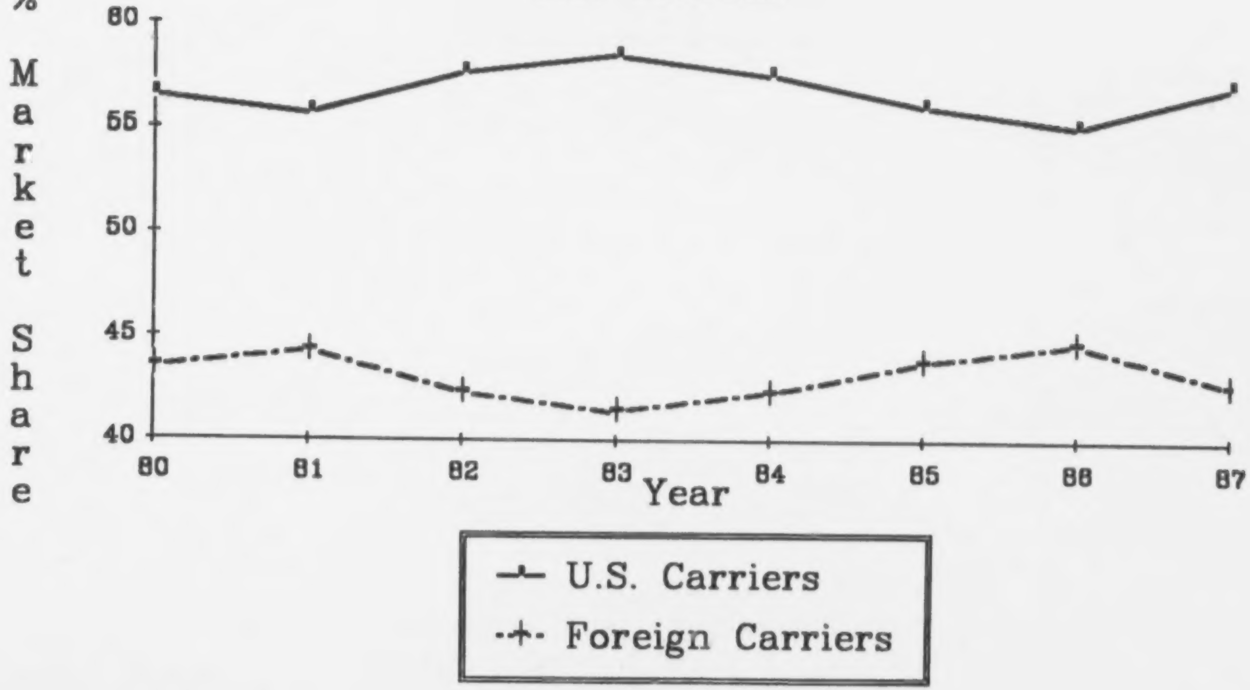
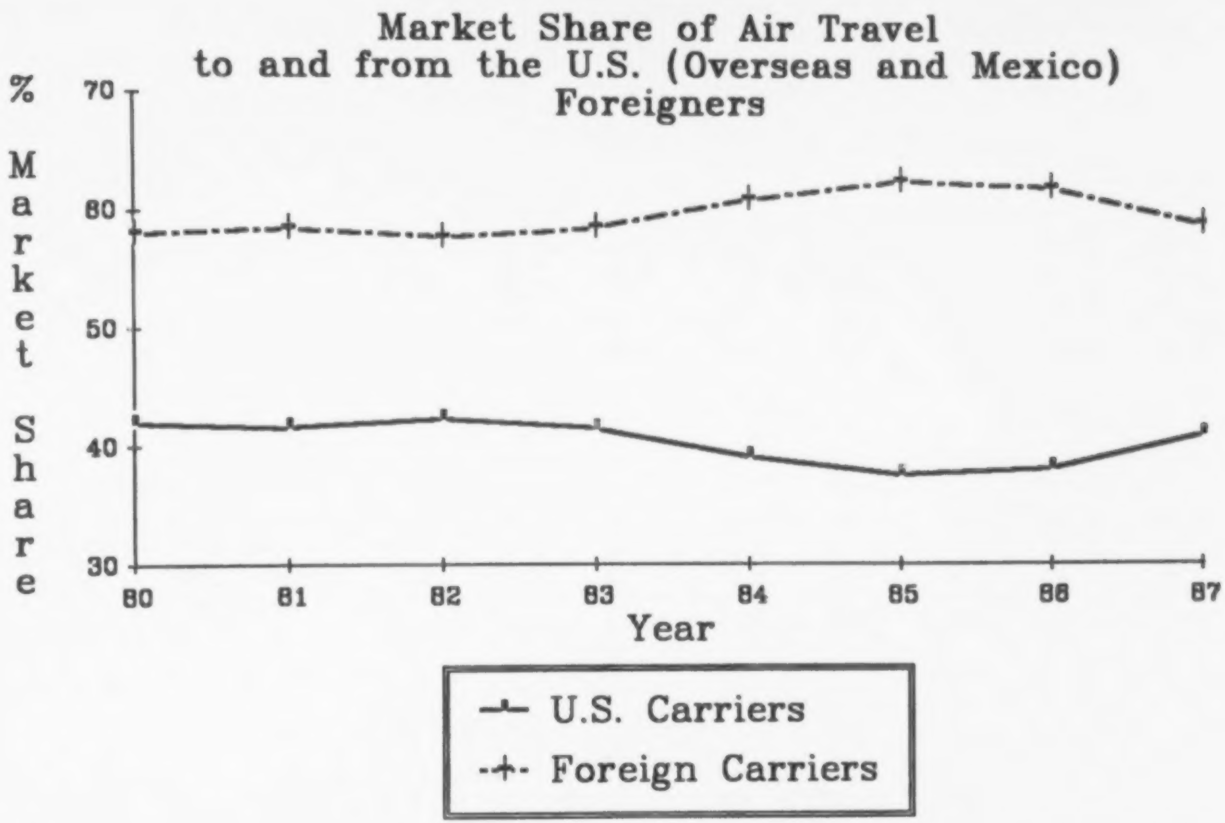


FIGURE 7



Market Share of Air Travel to and from the U.S. (Overseas and Mexico) Foreigners

TABLE 7

ANALYSIS OF INTERNATIONAL AIR TRAVEL TO AND FROM THE UNITED STATES ON U.S./FOREIGN FLAG CARRIERS

% TOTAL MARKET SHARE/ALIENS

U.S. Flag Carriers

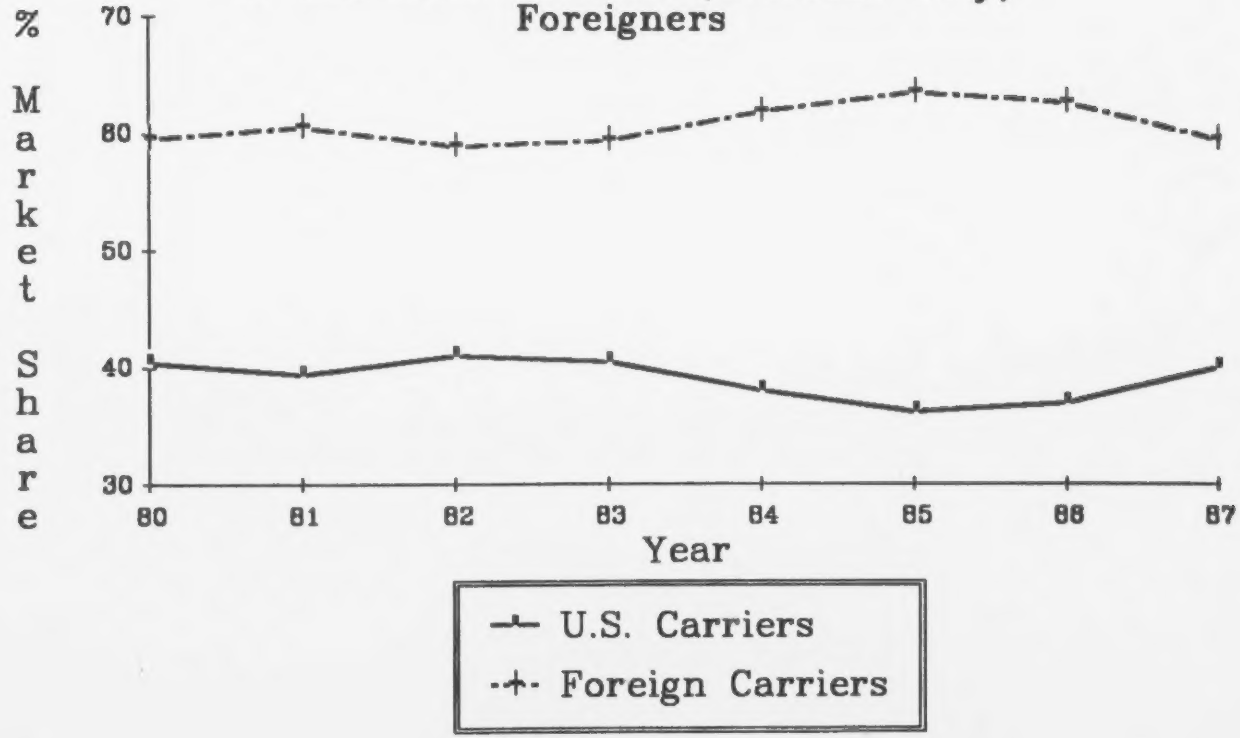
	1980	1981	1982	1983	1984	1985	1986	1987
Total overseas	40.4	39.4	41.0	40.5	38.0	36.2	37.0	40.1
Mexico	53.9	56.3	54.5	54.2	51.4	51.9	51.9	52.7
Total Traffic	42.0	41.6	42.3	41.5	39.1	37.6	38.1	41.0

Foreign Flag Carriers

	1980	1981	1982	1983	1984	1985	1986	1987
Total overseas	59.6	60.6	59.0	59.5	62.0	63.7	62.9	59.8
Mexico	46.1	43.7	45.5	45.8	48.6	48.0	48.1	47.2
Total Traffic	58.0	58.4	57.7	58.5	60.9	62.4	61.9	58.9

FIGURE 8

Market Share of Air Travel
to and from the U.S. (Overseas Only)
Foreigners



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SUPPLEMENTAL REPORT TO OREGON TOURISM DIVISION'S 1987-89 MARKETING PLAN

Presented to:

The House Small Business Subcommittee
on Exports, Tourism, and Special Problems

at the

Hearing on International Tourism and the Economy

June 3, 1988
10:00 a.m.
Rippling River Resort
Welches. Oregon

Prepared by:

Oregon Economic Development Department
Tourism Division

Julie Curtis
Assistant ~~Director of~~ Tourism

1859

Neil Goldschmidt
Governor

This report supplements the 1987-89 biennial marketing plan of the Oregon Tourism Division. The plan provides a general outline of the Division's mission, the economic importance of the visitor industry in Oregon, and the Division's philosophy of regional cooperation in tourism promotion. It also provides specific information on budgeted amounts to be spent in the biennium on an array of projects, special promotions, and the administration of the Tourism Division.

In the 1987 Oregon Legislative Session, the Tourism Division received an additional $2 million from Oregon lottery funds to supplement our 1987-89 budget of $2.5 million. Most of these additional monies are targeted for marketing and promotional efforts. Our total biennial budget of $4.5 million raises Oregon's position nationally in terms of state dollars to promote tourism from its previous 42nd to the mid-30's range.

I. Current Program Highlights

A. Image Campaign

The marketing plan details the Division's media advertising and marketing strategies. To date, we have launched two major campaigns this biennium, including the 1988 Winter Campaign and the 1988 Spring-Summer Campaign.

Winter Campaign

Markets:	Oregon (Portland, Eugene, Salem, Medford, Albany) Seattle and Tacoma, Wash. Spokane, Wash. Tri-Cities, Wash. Redding, Calif.
Media:	Radio Billboards Newspapers
Responses:	January through March, 1988: 12,129 inquiries at the Tourism Division office 1987 count: 10,636

Spring-Summer Campaign

Markets:	San Francisco/Bay Area Seattle
Media:	Billboards (San Francisco only) Magazines (Sunset, Time, Better Homes & Gardens) Newspapers
Responses:	Inquiries in the Tourism Division office during the period of April 15-May 15, 1988 totalled 23,237. 1987 figures during that period were 9,512.

Both campaigns have been successful in generating additional inquiries about Oregon travel opportunities, both in the Tourism Division's fulfillment (travel inquiry) center, and in the various regions of the state.

Properties along the coast reported a significant increase during the winter months, and an overall successful winter season (which is this area's off-season).

Advanced bookings for the 1988 summer season are phenomenal; highlights from around the state include:

- Shakespearean Festival advanced bookings are up 25%
- Seaside's booking inquiries for June are up 22%
- The Central Oregon Reservation System's advanced bookings are up 30%
- Oregon State Parks campground reservations are up 25%

Based on 1985 research, the Tourism Division determined that one of two parties that ordered our state travel guide actually made a trip to Oregon. 1985 figures also showed that an average of $716 per person per trip was spent in Oregon. Thus, conservatively, our 1988 marketing campaign has the potential to generate $8 ~~b~~Million from inquiries received to date alone.

Obviously, tourism is an important element of Oregon's economy. More importantly, dollars spent on tourism-related marketing and promotion are translated into literally millions of dollars of business for our state's hospitality industry and, particularly, small businesses.

B. Special Promotions

Examples of promotional efforts to involve all regions of Oregon in cooperative programs include:

1. San Francisco Sales Blitz and Nieman Marcus Promotion April 14-16, 1988

Tourism representatives from all regions of Oregon were invited to participate in three days of sales calls on the travel industry, outdoor promotions, and a reception to kick-off an Oregon gourmet foods promotion at Nieman Marcus. This was an excellent opportunity for smaller communities and tourism businesses to promote their product in the Bay Area.

Also involved in this event were the Oregon Department of Agriculture, the Governor's office, and the Economic Development Department. It coincided, too, with the launching of the Tourism Division's 1988 ad campaign in the San Francisco area.

More events of this nature are planned by the Division, and include such activities as regional trade shows, special sales missions, and Oregon familiarization tours.

2. Regional Hospitality Training

In cooperation with the Council for Economic Development in Oregon (CEDO), Pacific Northwell Bell Co., and several other statewide organizations, the Oregon Tourism Division will present training sessions on how to train front-line employees in the importance of treating visitors and guests hospitably. Four Oregon communities (Grants Pass, Eugene, Portland, and The Dalles) will be training sites during the week of June 13, 1988, with the remaining communities throughout the state to be covered during fall 1988 and spring 1989.

This cooperative effort involves not only Oregon's visitor industry, but business interests from large corporations to small, family-owned operations.

3. Matching Funds Program

This special program, still being formulated, will disburse approximately $100,000 for community-specific tourism projects throughout Oregon. Criteria for disbursement of funds is in the planning phase, with fall of 1988 the targeted completion date. This program will allow communities of all sizes to submit proposals for development of tourism-related projects to be funded by the Division on a matching-funds basis.

4. Regional Marketing Coordinators

The Tourism Division employs two full-time marketing coordinators to assist regional groups in the development of their tourism product. One coordinator is based in Northeast Oregon (La Grande), with responsibilities for ten NE counties; the other is based in the Salem office, with responsibilities for Western and Central Oregon, concentrating particularly on the coast and the Columbia Gorge. Assistance with marketing plan development, special events, and training are the kinds of responsibilities handled by the two coordinators.

C. Research Program

For the remainder of the biennium, the Tourism Division will coordinate statewide research information, to include:

- An inventory of Oregon's tourism product (number of hotel/motel rooms, campsites, attractions, etc.)
- A statewide visitor profile
- An economic-impact report on the scope of the state's travel-related expenditures
- An analysis of potential marketing strategies

The data collected will be available to regional tourism associations, as well as to legislators, potential developers, other state and federal agencies, and any interested parties. Our goal is to compile statistics that reflect what is happening in Oregon's various tourism regions, as well as to reflect the broader statewide profile of this industry.

D. Regional Strategies Program

Governor Neil Goldschmidt has instituted the Regional Strategies Program, which requires each county or coalition of counties to select an economic development strategy of choice for receipt of funds from the program. (The program disburses funds from the Oregon lottery). Out of 36 Oregon counties, 22 have chosen tourism-related strategies, primarily focusing on infrastructure improvements and marketing strategies. Highlights of the approved regional strategies include partial funding for the new Oregon Convention Center in Portland, the Oregon Coast Aquarium in Newport, the Oregon Trail Monument in Baker, and the new visitors center in Bend. Approximately $15 million of the total $25 million available in the Regional Strategies fund will be disbursed for tourism projects.

II. International Emphasis and USTTA Involvement

To date, given our limited dollar resources and the fact that the vast majority of Oregon's visitors are domestic travelers, the Oregon Tourism Division has devoted a relatively small amount of time and funds to international marketing efforts.

However, since 1985, the Division has participated in a regional cooperative marketing group, "America's New West Coast Playground," composed of Oregon and Washington state tourism offices, the ports of Portland and Seattle, and the visitors bureaus of greater Portland and Seattle-King County. Some of the projects of this group to date include joint trade-show participation (1985 and 1987 Japan Association of Travel Agents; 1986 and 1987 World Travel Mart; and 1986 International Travel Exchange); a 1986 familiarization tour of Oregon and Washington for 100 British travel agents; a 1987 golf tour for Japanese travel professionals; and a 1986 Japan sales mission.

Broadly speaking, America's New West Coast Playground has the potential to develop exciting marketing opportunities to attract international visitors to our region; however, the reality so far has been a limited number of promotions and no comprehensive marketing plan.

It is in this area of international marketing that the Oregon Tourism Division sees the most need for increased support from the federal government, particularly the United States Travel and Tourism Administration. USTTA's focus historically has been--and should continue to be--the promotion of the United States as an international travel destination. Assisting regions and states in this effort should be a top priority for the administration. However, because of USTTA's extremely limited budget, federal monies for the development of cooperative regional programs have been scarce or nonexistent, despite USTTA's support (non-monetary) of our efforts.

The Oregon Tourism Division recommends the following for consideration in the event that increased federal dollars are available for regional cooperative marketing efforts:

1. Research and Development

The Tourism Division's 1987-89 research budget is extremely limited ($85,000 for the biennium), as is Washington's ($70,000). Therefore, we have been unable to pursue marketing research in two of our targeted international markets: (1) Japan and the Pacific Rim countries, and (2) the Western European countries of Great Britain and Germany. In order for the Pacific Northwest to successfully build tourism business from these key markets, we need current, comprehensive data on which to base our promotional efforts. Assistance from the USTTA in cooperatively supporting international research for our state and region would be invaluable as we expand our international marketing strategies.

2. "Partnership" Development

In 1987, a partnership was formed among the USTTA, the six New England states, Trans World Airlines, Hertz, the Sheraton Corp., two tour companies, and regional tourism associations to promote travel from Great Britain to the New England area. The promotion, consisting of a $630,000 media campaign and response piece, was a huge success, and will be continued this year.

A similar promotion involving, for example, USTTA, Delta Airlines, the Oregon Tourism Division, and other Oregon tourism agencies would be an excellent avenue for increasing tourism from Japan. Marketing and advertising programs, as well as a mix of travel trade promotions (including familiarization tours, receptions, sales missions, etc.) would enable Oregon to effectively compete in this market. Currently, our limited resources restrict any large-scale, targeted development of such a program.

III. Conclusion

In summary, the Oregon Tourism Division envisions a fantastic future for increasing our state's share of the dollars generated by the travel industry. The trend in maintaining a competitive stance in both the domestic and international marketplaces is to leverage public and private resources to create comprehensive, targeted marketing strategies.

The state's responsibility is to provide opportunities for the various areas of Oregon to become involved in advertising campaigns, promotional projects, and leadership development. We do this with our limited budget and the considerable cooperative support of the business community, other governmental agencies, and regional tourism associations.

With increased support--both monetary and non-monetary--from the USTTA, Oregon and the entire Pacific Northwest have the potential to realize phenomenal results from cooperative marketing efforts to infuse visitor dollars into our local economies. We welcome the opportunity to provide more detailed information, as well as specific proposals to you for your consideration.

The Oregon Tourism Division thanks the Small Business Subcommittee on Exports, Tourism, and Special Problems for the opportunity to contribute to your hearing process.

INTERNATIONAL TOURISM AND THE ECONOMY
FOR THE
HOUSE SMALL BUSINESS SUBCOMMITTEE
ON
EXPORTS, TOURISM, AND SPECIAL PROBLEMS

Port of Portland
Keith Phildius
Manager of Market Planning
June 3, 1988
Rippling River Resort

Tourism, perhaps more than any other industry, is the consumate service industry. All that has been written about the service industries indicates that its growth has been and will continue to be at a greater pace than the manufacturing sector.

Therefore, one can expect tourism to grow in popularity given stable or lower fares driven by the competitive environment.

Over the past ten years, the greatest impact on aviation and tourism has been the 1978 Aviation Deregulation Act. That act opened the skies to a variety of types of airlines, like regionals or nationals, serving large to small communities with services ranging from passenger pampering and onboard barber shops to "no frills" services including paying for checked baggage and onboard meals. Frequent flyer programs fostered airline preferences and brand loyalty. Deregulation has caused the airline industry and tourism to grow through lower fares attracting more travelers.

"Fares have fallen significantly, and the total number of flights has increased as a result of deregulation. Consumers are gaining more than $10.3 billion per year as a result of lower fares, a total of $100 billion since deregulation."

More people now travel by air than ever before. Flight frequency has increased, and the total number of passenger miles flown is up 65 percent since deregulation, from 183 billion in 1978 to 302 billion in 1986."[1]

Since deregulation in 1978, traffic into and out of Portland has increased 54 percent; passenger carrying airlines serving PDX doubled from 8 to 16. There are also 20 cargo carrying airlines serving PDX.

Americans are not the only people taking vacations. Whether it's an American dreaming of white sandy beaches and a trip to paradise in the Hawaiian Islands or a European visiting the Statue of Liberty for the first time, travel (tourism) can make a memorable impression that will last a lifetime. Tourism allows the U.S. to show its many beautiful sights and people.

International tourism into the U.S. has shown significant growth in recent years. A recent article in a U.S. Travel and Tourism bulletin indicated that in 1987, among countries tracked, 24 new records were set for arrivals to the U.S. Two of the most impressive records were: (1) Canadian visitors leaped to 12.4 million from 10.9 million in 1986; and (2) The Japanese arrivals were 2.1 million, up 27 percent over 1986.[2] The article goes on to cite that total inbound tourism was up 15 percent with growth from overseas countries increasing 18 percent.

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[1] Bureau of Economics Federal Trade Commission.

With the soft U.S. dollar, the higher valued international currencies should generate equally impressive tourism growth numbers into the U.S. for 1988. That impact, plus its reverse of increased costs to visit Europe and the Pacific should keep more Americans home to see their own country. A "win/win" for the U.S.

Locally, traffic into Portland International Airport (PDX) in 1987 grew to 5.7 million passengers, a 10.9 percent growth over 1986, making it one of THE fastest growing airports among major West Coast airports. Continued growth is expected in 1988 as American, United, and United Express expand their domestic schedules. Delta Air Lines expanded its PDX international service to daily Tokyo service and a new daily nonstop to Korea and continuing on to Taiwan.

Tourism is Big Business

Nationally, tourism generated $292 billion in expenditures employing 5.5 million and accounting for $36 billion in federal, state, and local taxes, according to Pete Anderson, Chairman, National Tour Association.

Within Oregon, tourism generated an estimated $3 billion, paid an estimated $25 million in taxes and fees, and employs 65,000 people making it the third largest industry in Oregon.

To help generate this source of income, the U.S. government has allocated $11 million for 1988 to USTTA, its tourism promotion division within the Department of Commerce. Oregon, ranked 35th among states in tourism dollar expenditures, will spend approximately $2.5 million to promote the state both nationally and internationally. (New York will spend $21 million to promote its state in 1988.)

Oregon has researched the tourism marketplace using both federal government data and local data. The out-of-state visitor typically stays in Oregon 5.1 days and one out of every three tourists come from California followed by Washington and Canada. The remaining 43 percent of the traffic comes from the Pacific Rim countries, Midwest, and East Coast.

Tourism is Big Business for Small Business

As mentioned, the Oregon tourist stays an average of 5.1 days. Industries impacted by that visit are the hotels, motels, local restaurants, gift shops, clothing stores, etc. That visit also touches service stations, cleaners, and as the tourism industry grows, construction for new and expanded facilities.

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[2] U.S. Travel and Tourism Administration (USTTA), Department of Commerce Newsletter, Vol. 1, Number 3, May 1988.

Tourism impacts small business in several ways:

- Travel agents write 80 percent of all airline tickets. There are 30,000 travel agents in the U.S., and with the exception of a few national chains, all are small business entrepreneurs generating local jobs and taxes. Portland has approximately 300 travel agents who generate an estimated $32 million in annual income.

- The success of concession sales at the Port of Portland's PDX operation has launched a $2 million construction project for concession expansion and renovation.

- Tourism growth necessitated a $20 million expansion of the parking facilities at PDX, resulting in jobs and income in the state . . . local jobs and a local construction company.

- Delta expansion of service to Korea and Taiwan through its international gateway at PDX is creating a $23 million facility expansion currently under way. Delta expects to employ another 200 people to handle the service expansion.

Tourism has been a Port of Portland priority for the past several years. Portland is one of the few airports nationally that has a marketing function within its aviation organization. Its staff is four people, its mission is to:

- Increase domestic and international air service into and out of Portland.

- Increase domestic and international passenger traffic into Portland.

Additional marketing focus addresses air cargo, facility development, and general aviation. With the exception of transient general aviation, which could fit under the general tourism umbrella, this presentation will focus on domestic and international tourism.

The following includes, but is not exclusive to, meeting the Port's tourism objectives of increasing service and traffic into Portland:

International Route Authorities

The Port of Portland has spent over the past three years in excess of $500,000 in services (Bishop, Cook, Purcell & Reynolds; Washington, D.C.) to help position Portland for expanded international services. The two most noteable successes were:

- Portland designated as the newest gateway to Japan (Delta Air Lines began service on March 2, 1987).

- Portland designated as the gateway to Japan for small package service. Federal Express is expected to start five-times-weekly service to Tokyo this summer.

Federal Express' economic impact is estimated in the $16 million to $20 million range.

The Delta Air Lines Portland designation in 1987 has proven to be a success. Delta is expanding its Pacific service on July 1 by adding a daily nonstop L-1011 to Korea and Taiwan, as previously mentioned. The service expansion will result in a $23 million facility expansion program to be completed by March 1989.

The result is not only jobs and economic development for Oregon, but a greater identity worldwide of Portland as an international gateway.

Mexico and Europe service is currently under evaluation by the Port of Portland and its legal counsel in Washington, D.C. Portland is expected to be designated as one of 17 U.S. cities to receive authority to serve some 12 cities in Mexico. The Port's marketing staff will then market that authority to prospective airlines. Its success will increase jobs and income for the state.

International Marketing Plan

For any effort to be successful, it requires the efforts and financial support of many private and public sector organizations. The Port of Portland has joined with State Department of Tourism, Greater Portland Convention and Visitors Association (GPCVA), Delta Air Lines, and Azumano Travel to create a Pacific Rim international tourism marketing plan (draft is attached). Its purpose is to develop a clear-cut and concise direction to stimulate tourism into Oregon from the Pacific Rim countries. It defines roles, responsibilities, and action plans to accomplish that purpose.

Domestic Air Service Expansion

According to Pete Anderson, Chairman of the National Tour Operators Association, there were $50 million worth of domestic groups sold into Oregon in 1987. The group travelers typically spend approximately $100 per day. These groups come from around the U.S.; however, the East, with its large populated cities, is a prime market.

Oregon tourism would be expanded by the direct addition of nonstop Washington, D.C./New York service. Both New York and Washington, D.C., are the home of most of the major associations who coordinate and decide locations of regional, national, and international meetings. These meetings often include pre- and post-meeting tours with spouses. Tourism is positively impacted by creating an image of nonstop service to major markets. Nonstop East Coast service would greatly enhance that service.

The Port of Portland has launched an aggressive effort toward American, Delta, United, TWA, and Alaska Airlines encouraging them to evaluate nonstop service between Portland and the East Coast.

The Port is also interested in expanding its current base of airline services as it expects to see traffic grow into and out of Portland. The new $85 million Convention Center due to open in 1990 will, no doubt, expand the domestic, as well as international tourism base.

Success at PDX has been realized by the creation of a regional hub operation. Today, Horizon Air operates 79 daily flights into and out of PDX to a number of regional hubs. United Express operates 35 daily flights to markets like Pasco, Eugene, and Seattle. This strategy opens more of the Pacific Northwest to tourism.

Advertising

The Port of Portland will spend in excess of $150,000 in advertising and promotion in fiscal year 1988/89. Its target market is the international traveler (primarily Japan) and the meeting/convention market. Financial resources have been orchestrated with private sector organizations like GPCVA to maximize Portland and Oregon's exposure.

Market Research

There is a research staff within the Port. Its function is to analyze traffic and travel trends, airline schedules, and business/market opportunities. Data is developed through local sources. Federal data sources are used to size the market and identify market deficiencies and voids.

Product Promotions

Numerous trade missions were conducted by the Port of Portland, State Tourism/Economic Development Department, and private sector companies like United and Delta Air Lines in recent years.

- Pacific Rim travel wholesalers and retailers have been brought into Oregon so that they can see first hand the Oregon product.
- Pacific Rim travel writers have come to Oregon to write about the Pacific Northwest.
- The Port of Portland participated in underwriting some of Fuji Film of Japan's costs to produce "From Oregon With Love" in 1984 and its sequels. It was viewed by millions of Japanese and has helped create a positive image of Oregon.
- Airport services have been expanded to allow the Port to better market itself to international and domestic travelers. A 6,600-square-foot conference center was added to the PDX complex in 1988. Currency exchange service is available for international travelers. International signage allows international guests to move comfortably through the PDX facilities.

- Domestically, the Port, along with the State Tourism Department and GPCVA, have underwritten a luncheon and promotion at the annual prestigous annual National Tour Association (NTA) meeting. The NTA is a group of decision-making national tour operators who will bring its annual meeting to Oregon in 1991.

U.S. Government's Role

International tourism is expected to continue its positive worldwide growth pattern. Advertising and promotions directed primarily at the international traveler, with focus on the world growth area of the Pacific Rim through the year 2000, should be the thrust of government institutional advertising. The U.S. government should be the vehicle allowing the international travelers to focus on the U.S. It should be the role of state tourism with public and private sector funds to target audiences with their specific messages.

While the focus identified in this paper has been, for the most part, of a local nature, the federal government has and must continue to play a role in tourism development.

That role, in my opinion, can take a number of different forms:

- Image: The U.S. government's role in world tourism should be to create awareness of the U.S. as a tourist destination.

- Data: Continue to provide the public and private sector with data regarding tourism. Data needs to be divided into domestic and international tourism and identified by city pairs. The data must be timely (i.e., 1987 data by mid-year 1988 not 12 to 15 months late). The industry is too dynamic and everchanging to have delays in acquiring data for decision making.

- Forecasting: The Federal Aviation Administration provides a one-to five-year outlook for the industry which is beneficial. Information (market growth/decline) needs to be developed for domestic and international traffic on both a national, regional, and if possible, local level.

Each part of the U.S. has its strengths and caters to certain audiences. The U.S. government should provide that umbrella to allow the states, be it private or public sector, to laminate its message in conjunction with the U.S. government. Attempts have been made to "stretch" USTTA funds through such a venture. My recommendation would be to increase USTTA funds and allow the local interested parties to join under this broader umbrella.

Summary

Tourism is big business. It ranks third in the state in industry production creating 65,000 jobs. It is a "clean" industry and one that the Port of Portland has actively promoted for several years. The Port has invested financial and human resources to market tourism both nationally and internationally. It has worked jointly with other public and private sector organizations to identify markets of opportunities and capitalize on them. Tourism's success is predicated on cooperation between the federal, state, and local public sectors with the private sector.

Tourism is big business for small business. It impacts hotels, motels, gift shops, concession shops at airports, and service stations. It impacts local advertising and printing companies as both the private and public sectors package themselves to their targeted audiences.

International tourism to the U.S. is destined to continue its aggressive growth pattern. Oregon realizes the value and economic impact of this vibrant industry. Oregon is poised to capitalize on that opportunity.

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INTERNATIONAL TOURISM AND THE ECONOMY

PREPARED FOR:

CONGRESSIONAL COMMITTEE ON
SMALL BUSINESS

David Zielke
District Marketing Manager
Delta Air Lines
June 3, 1988

INTRODUCTION

Delta Air Lines currently has 55,000 employees and 378 aircraft, operating daily service to 154 cities, including eleven foreign countries.

Delta will generate approximately 7 billion dollars in passenger revenue in 1988, and will carry over 52 million passengers throughout the world.

Portland serves as Delta's international gateway to the Pacific Rim with daily non-stop service to Tokyo, Seoul and direct service to Taipei.

I. Economic Importance of Tourism to Delta

Assuming that a minimum of 40% of Delta's passenger traffic is leisure, there are over 20 million passengers annually whose travel is non-business related.

Estimating that these 20 million leisure travelers generate 30% of Delta's passenger revenue, recognizing a lower average ticket price than business travel, approximately 2 billion dollars in revenue is generated from this market.

Delta recognizes the demand for leisure travel with multiple frequency to destinations such as Mexico, The Caribbean, Orlando and California. To Hawaii alone, Delta flies nine daily non-stops which provide over 2,000 available seats.

DISNEY WORLD AFFILIATION

In 1987 Delta entered into a multi-million dollar agreement with the Disney Corporation to become "The Official Airline of Walt Disney World".

This fifteen year agreement includes co-op advertising, ongoing joint marketing programs as well as a Delta pavilion at the theme park. Delta has dramatically increased its' air service to Orlando, including a non-stop flight to Frankfurt, Germany.

NORTH AMERICAN SKI BUSINESS

As "The Official Airline of the U.S. Ski Team", Delta serves every major ski resort in North America, including Western Canada, Colorado, Utah, Montana, Wyoming, New Mexico, Idaho and Oregon. Delta actively pursues the ski market through consumer and trade advertising as well as co-op tour product commitments.

We work closely with SKI USA which enabled Oregon to be featured in the 1987/88 Travel Planning Guide.

II. Current and proposed efforts to attract tourists

CURRENT

Delta spends a significant portion of its consumer advertising budget to generate interest in leisure travel. This is done in various medium such as radio, television, print (see attached sample "Dreams For Sale to Mexico" insert),billboard, travel trade etc.

Delta commits substantial funds to co-op tour product development with preferred operators.

> i.e. Enclosed are two examples of specific tours to Oregon from Japan that Delta underwrote the cost of printing. (Crosawa & Anniversary tour)

Delta completed over 1,000 familiarization trips in 1987 which totaled over 18,000 participants. Familiarization trips range from travel agents, commercial accounts, meeting planners, association executives and tour operators. In fact, Delta is currently participating in a GPCVA Airlift in Portland, as we flew in 35 meeting planners and association executives from around the country.

To date we have flown over 200 key travel agents, commercial accounts and tour operators to the U.S. from Japan (including 15 last week). Delta has established a policy that all inbound familiarization trips from Japan are required to stopover in Portland for at least one night in order to expose them to the Oregon product.

Delta regularly flies travel writers to destinations throughout the world which creates interest in that particular city or region.

We have participated annually in the "From Oregon with Love" film, as well as other joint promotions, which is seen by over 200 million people in Japan.

The "International Story" magazine is distributed on all our International flights which includes a feature article on Portland, Oregon. (Copy attached).

A full time Marketing staff and reservation office is operating in each of our international cities. They are responsible for all sales and marketing activities that will promote business and leisure travel to the U.S.

Delta assisted in the travel arrangements for the Oregon delegation to attend the National Tour Association (NTA) luncheon in Baltimore.

PROPOSED

Delta has proposed to bring in 30 key tour operators from Japan in October to see Oregon and the Delta service first hand. The objective is to solicit their support in promoting tours to Oregon in 1989 and beyond.

III. Programs in which we have participated in to promote tourism

I am involved in an ad-hoc committee, along with Debbie Kennedy, Keith Phildius, El Sheldon and Sho Dozono to formulate marketing plans for inbound Japanese tourism.

Delta supports local publications including the Rose Festival program and Oregon Trail Magazine.

Delta is a participant in the international tourism trade shows, including:

1) Pow Wow
2) JATA - Japan
3) ITB - Berlin
4) World Travel Mart - London
5) Inter-tour Expo - Hong Kong

The Delta booth is in the U.S.T.T.A. sponsored U.S.A. pavilion.

IV. The adequacy of the cooperative efforts of local, state and and federal governments in promoting tourism

Delta is very supportive of the efforts U.S.T.T.A. has made to develop the tourism industry.

Should a blue ribbon commission be appointed, I would suggest U.S.T.T.A. serve as the starting point with state and regional tourism representation also playing a key role.

Delta actively supports local and state efforts to promote tourism to destinations we serve.

Additional information

"Young at Heart"

Delta promotes a senior citizen program which allows adults over 65 years of age to travel to multiple destinations at a discount fare, which is an effective way to market lesiure travel to a specific target market.

Providing air service between an international destination and a U.S. city results in significant traffic between those two points, which generates business and tourism opportunities for both cities.

i.e. The left hand column below shows the traffic between those cities and Atlanta, Georgia before Delta initiated service and the right hand column shows the traffic (origin and destination) the year service was started.

	BEFORE	AFTER
London	11,170 passengers	55,910 passengers
Frankfurt	5,320	32,130
Paris	3,800	16,860
Munich	3,050	7,750
Shannon	200	1,610 partial year
Stuttgart	2,080	4,370

The traffic between Portland and Tokyo in 1986 totaled 11,000 passengers and the 12 months after Delta began service there were 21,000 passengers traveling between those points.

Local Portland-Tokyo passengers accounted for 38% of the traffic in the first twelve months of operation with points beyond Portland capturing the balance of passengers flown.

Atlanta Study

Attached is a copy of a study done by the Atlanta Chamber of Commerce which analyzes the economic impact of international air service to a community.

It measures factors such as:

1) Primary economic impact:

   Direct - annual payroll of the airline (i.e. Delta's payroll in Portland in 1988 will exceed 20 million dollars), landing fees, facility rentals etc.

   Indirect - aviation related business and real dollars spent by the arriving visitors.

2) Probably the most impressive statistic is the growth in number of international companies relocating and expanding to Georgia after the air service began.

   Using a formula the study attempted to estimate the induced effect on the community, which reflects all the factors mentioned above.

Summary

Delta recognizes the potential for leisure business both domestically and internationally, and is committed to working with local, state and federal government to develop this market.

PUBLIC CONGRESSIONAL HEARING ON INTERNATIONAL TOURISM

Testimony by Keith Petrie

June 3, 1988

My name is Keith Petrie. I am the Executive Director of Mt. Hood Recreation Association. We are a small marketing-oriented association, with our efforts targeted at the Mt. Hood Recreation area.

Our association not only encompasses a direct marketing program, but is involved with all other projects that will bring more tourists to the Mountain who will provide economic benefits to our local business establishments. Concerns with State and Federal legislation, establishing a day care center in the community, input for modification to the Mt. Hood Forest Plan and widening of Highway 26, are a few of our special projects.

Our community is dependent upon tourism for our economic base, and I submit herein a recent study prepared by the University of Oregon Research Staff, verifying this conclusion.

Our community is primarily made up of small businesses. Our restaurants and shops are considered small business compared to Mt. Hood Meadows, Rippling River Resort, Timberline Lodge and Skibowl/Multorpor. Certainly the ski industry is considered small business compared to the timber industry.

We have a real concern in our community for the stability of our Mom and Pop business establishments, who are really dependent on the day skier attracted to the major ski areas and resorts on the Mountain. They are dependent as well on the large number of recreationalists coming to enjoy the amenities of the Mt. Hood National Forest in the summer. The number of annual visitors is over two million, according to the U.S. Forest Service statistics. We have some national and international guests, but they represent a very small percentage of our visitors. This is probably because of the small number of beds and pillows we have available. We address our efforts to the local and regional markets and depend on the cooperative marketing efforts with the State Tourism Department and the Greater Portland Convention and Visitors Association to reach the national and international markets. Both are doing an excellent job. We would like to do more on our own, but it is a simple matter of us having a small budget for a small association trying to do a big job.

I have had no contact with the United States Travel and Tourism Administration. It is my belief that the efforts of this agency are primarily directed, and beneficial to the larger nationally recognized resort facilities, which I would term "big business". I have not seen where their efforts have really reached down to penetrate the markets that benefit the small recreation-type businesses.

The cooperation of our State and local agencies in promoting tourism is excellent. Starting at the County level, we have strong support for marketing our area from our Clackamas County Board of Commissioners. We have excellent support for the development of Mt. Hood through the State Tourism Department. Governor Goldschmidt is very committed to tourism. Cooperation from the Mt. Hood National Forest Service has been great.

Your letter of invitation to this hearing asks for comments on the concept of establishing a "Blue Ribbon Presidential Committee", appointed to report recommendations for a national tourism policy. I can only say that I think this undoubtedly could be a good effort. At the same time, this type of program is of such a large scope, little would filter down so as to have much, if any, impact on small communities. The direct benefit to larger segments of our tourism industry could be very positive. I recognize that for the small businesses to be successful, so must big business. They run quite parellel. It has been consistent over many years that when ski areas are having a good season on the Mountain, so do all of the small businesses on the Mountain. In that light, all businesses do well if the bigger businesses are doing well. This is good. If this were the end result of a "Blue Ribbon Committee", I would say "go for it"!

I would like to address three major concerns that we are faced with on the Mountain. All of these items have a direct impact on our businesses.

TRANSPORTATION:

Our highway system is a vital link, not only to our Mountain, but to other rural communities that have tourism facilities. It is essential. Traffic on Highway 26 has long exceeded capacity. We see some movement to address this problem, but the time span is just not acceptable. It took us over ten years to accomplish the widening of the last four miles of highway through the corridor. Now the next section, which is approximately two and one-half to three miles long, from Zig Zag to Rhododendron, is not scheduled to be widened until 1993. This is just unacceptable in bringing tourists to the Mountain. Our highway system is going to be evaluated very carefully as Oregon makes its bid for the 1998 Winter Olympics. Funding to improve the highway system throughout rural Oregon must be increased.

Another problem in regards to transportation is inadequate public transportation to and from the Mountain and within our Mountain community. The basic problem is that the number of lodging guests is limited because of the number of beds and pillows that are available. Initially, to get an intermountain transportation system going, it would develop from a very small market. An operator would have to begin on a very small scale. Our dilemma is that we have some customers needing this service, but not enough volume to make it pay. If we don't provide it, they won't be back. How do we build the market? We are faced with which comes first, the chicken or the egg? A problem has been in getting through all of the PUC regulations and payment of the high insurance costs. This makes it literally cost prohibitive and very, very difficult. There should be some way to expedite the development of this type of public transportation service. We desperately need it on the Mountain servicing people from the airport to the Mountain, Portland to the Mountain and from Rippling River Resort to the shopping facilities on the Mountain and to and from the ski areas, etc.

OVERNIGHT HOUSING FACILITIES

As mentioned earlier, we have an inadequate amount of overnight housing accommodations that we are able to offer the true destination tourist. Our land ownership pattern is very heavy to U.S. Forest Service ownership. The restraints that the United States Forest Service has in their various policies and regulations, makes it next to impossible for the ski areas to build, and successfully operate, housing facilities. This must be changed. If the Forest Service implements and follows through with their newly-announced Recreation Strategy, this could be a great asset to all of us. If we don't have the beds and pillows in our community, we are not going to keep the destination tourist here. They are the stability of the tourist industry. We desperately need these housing accommodations before we are to become a nationally-recognized destination. We hope Congress encourages the Forest Service to work closely with private industry to implement provisions that will allow, in a practical manner, housing facilities.

MT. HOOD FOREST PLAN:

A very important decision as to the future of recreation and tourism on Mt. Hood, will be the Mt. Hood Forest Plan, which is currently in draft form. Public input has already been received. What direction the Forest Plan will take in providing recreation facilities, is going to be very important over the next fifty years. Presently, we do not feel that this plan adequately addresses recreation needs and demands for the future, particularly in the realm of commercial, and other type, developed facilities. If our economic base is going to expand, it has to be done because it has been recognized that the large numbers of recreationalists visiting the Mt. Hood National Forest are the major contributors to our economy. At present, the plan calls for no development beyond existing boundaries for ski areas, with no new ski area developments. The Forest Service is saying that there is no adequate terrain outside the existing boundaries. We feel that this is absolutely incorrect, and we are hopeful that the Forest Service will make this correction in their final plan.

I cannot emphasize enough, the need for development of roaded and disbursed recreation, campgrounds, hiking trails, picnic areas, etc., all of which are very important for the day-use visitor. If we don't have adequately developed facilities, we will not have the visitors coming to the forest. In order for the U.S. Forest Service to handle this increase in the number of tourists, they need and adequate budget, which they clearly do not have at present. Congress needs to evaluate the mission of the U.S. Forest Service in regards to recreation, and then provide them with the budget it takes to meet these goals.

In closing, I would like to thank the committee for holding your hearing on Mt. Hood, and for your recognition of the potential of Mt. Hood as a world-class destination. Our efforts will be to work as closely as we can with all of the Government agencies, particularly the Forest Service, County and State, in developing our dream.

Before the House
Small Business Subcommittee on
Exports, Tourism and Special Problems

Hearing on International Tourism
and the Economy
June 3, 1988
Welches, Oregon
Written Testimony of Eleanor D. Shelden

My name is Eleanor D. Shelden. I am the Director of Tourism for the Greater Portland Convention and Visitors Association (GPCVA) of Portland, Oregon. In my remarks I will provide a brief description of the association and its mission, the membership, visitor industry impacts, our marketing plan, several unique cooperative programs directed by the organization, and what we need from the federal government to enhance our efforts.

THE ASSOCIATION - GPCVA was formed on July 1, 1979. The mission of the association is to promote the Portland metropolitan area as a site for conventions, trade shows and pleasure travel in a way that provides economic return to the community, the region and the state. Given its mission, GPCVA defines its business as the visitors industry, which is comprised of business, convention and pleasure/tourist travelers coming from a distance of 100 miles or more and staying overnight at least one night.

The association is operated as an independent, not-for-profit corporation. Its annual operating budget, currently $2.3 million, is derived from membership dues (1/3) and from transient room tax conveyed via contracts with the Metropolitan Service District, the City of Portland and Multnomah County.

The association is directed by a 51-person board of directors representing over 700 business members from throughout Oregon. Leadership is provided by a 17-member executive committee. An executive director manages a 35-member staff organized into three divisions: convention marketing, tourism, and finance and administration. Sixteen visitor information volunteers and 40 part-time convention registration clerks assist the staff.

GPCVA, as an organized business, qualifies as a small business. The annual payroll and taxes total $1.2 million, approximately $400,000 being federal, state and local taxes.

Needless to say, tourism is very important to the organization because it is our very purpose for existing.

THE MEMBERSHIP - About 75% of GPCVA's membership is located in the Portland metropolitan area of Clackamas, Multnomah and Washington counties. The remaining 25% is located throughout the state and southwest Washington. Of this membership base, nearly 80% of these businesses have 1-50 employees.

INDUSTRY IMPACTS - In 1986, the Oregon Tourism Division contracted with the U.S. Travel Data Center to estimate the impact of travel and tourism on the Oregon economy, and for each of Oregon's 36 counties. For the Tri-County area, total travel expenditures are estimated at nearly $1.2 billion, with travel-generated employment over 26,000, resulting in a payroll of approximately $260 million. State tax receipts for the area are in excess of $20 million, with local receipts over $17 million. The Tri-County area accounts for about one-half of the state's total tourism impact.

EXHIBIT A

Impact of Travel on Tri-County Area, 1985[1]

County	Total Travel Expenditures (000)	Travel-Generated Payroll (000)	Travel-Generated Jobs	State Tax Receipts (000)	Local Tax Receipts (000)
Multnomah	$943,232	$209,080	20,379	$16,253	$13,735
Washington	130,199	27,259	3,235	2,463	2,143
Clackamas	114,839	23,405	2,930	2,245	1,484
TOTAL	$1,188,270	$259,744	26,544	$20,961	$17,362
Tri-County as percent of State Total	47%	49%	45%	45%	46%

Another way to measure the impacts of the industry is to look at the transit hotel/motel room tax receipts for the area. For the five-year period FY 1982-83 to FY 1986-87, room tax receipts have nearly doubled. During the period tax rates remained fairly stable, at about 6%, with the exception of FY 1986-87, when a 3% increase was instituted for Multnomah County. However, this 33% tax rate increase is more than offset by a 43% increase in total receipts.

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[1] Source: The Economic Impact of Travel on Oregon Counties, 1985, U.S. Travel Data Center. (Note: Figures for U.S. residents only).

EXHIBIT B

Tri-County Room Tax Receipts
FY 1982/83 - 1986/87[2]

Year (FY)	Receipts	% Change
1982/83	$4,036,978	---
1983/84	4,016,768	-0.5%
1984/85	4,908,249	+22.2%
1985/86	5,613,506	+14.4%
1986/87	8,004,110	+42.6%
1982-1987	---------	+98.3%

Note: Tax rates for all areas is 6% with these exceptions: 1) On April 1, 1986, the Multnomah County tax was increased from 6% to 9%; 2) in FY 1982-83, the Washington County tax decreased from 8% to 5% on November 2, 1982; 3) in FY 1984-85 the Washington County tax was increased from 5% to 7% on November 2, 1984. The tax rate as remained at 7%

Tax rates are obviously affected by the number of hotel/motel rooms in the area. EXHIBIT C shows the growth in hotel/motel rooms for the greater Portland area. As such, these figures do include major hotel rooms in Vancouver, Washington. Also, some of the smaller motels are excluded. As the exhibit shows, growth in the number of rooms for the five-year period is about 13%, considerably less than the growth in tax receipts. This indicates that there has been a positive growth in the area's travel industry and its impact on the community.

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[2] Source: Multnomah, Washington and Clackamas Counties; cities of Portland, Gresham, Troutdale and Wood Village.

EXHIBIT C

Total Hotel/Motel Rooms[3]

Year (FY)	Number	% Change
1982/83	10,885	----
1983/84	11,232	3.2%
1984/85	11,779	4.9%
1985/86	11,903	1.1%
1986/87	12,340	3.7%
1982-1987	12,340	13.4%

Visitor Growth - There is no single source which exists for the Portland area which succinctly quantifies the number of visitors to the area. As previously discussed, overall impacts have shown growth based on tax rate receipts. Another indication of growth can be derived from airline passenger traffic moving in and out of Portland International Airport (PDX). From 1983 to 1987, passenger traffic has grown 25%, for an average annual growth of 5%.

EXHIBIT D

PDX Passenger Traffic[4]

Year	Passengers	% Change
1983	4,538,579	---
1984	4,750,799	4.7%
1985	5,047,873	6.3%
1986	5,101,654	1.1%
1987	5,656,957	10.9%
1983-1987	---	24.6%

Convention Growth - The growth in the number of conventions in Portland has been fairly steady (16%) for the six-year period 1983 to 1987. More importantly, however, is the growth in the number of delegates (60%) and the average number of delegates per convention from 564 to 777, a 38% increase. This indicates Portland's growing ability to attract larger national conventions and the long-term potential to be a player in the national meeting market.

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[3] Source: GPCVA.

[4] Source: Port of Portland.

EXHIBIT E

Conventions and Attendance[5]

Year	Number of Conventions	% Change	No. of Delegates	% Change	Average No. of Delegates per Conv.	% Change
1982	349	---	196,680	---		
1983	320	-8.3%	221,070	+12.4%	564	--
1984	344	+7.5%	228,600	3.4%	691	+22.5%
1985	392	+14.0%	241,450	+5.6%	665	-3.8%
1986	436	+11.2%	248,800	+3.0%	571	-14.1%
1987	404	-7.3%	314,000	+26.2%	777	+36.1%
1982-87		+15.8%		+59.7%		+37.8%

MARKETING PLAN - Over the past several months, GPCVA has been working on developing a five-year strategic marketing plan. The purpose of this plan is based on several underlying factors. These include:

- The identification of the visitor industry as a major economic development strategy for Oregon and, in particular, for the state's northwestern region;
- The renewed commitment by the association to play a leadership role in visitor industry marketing for the area;
- The commitment by the region and the state to fund and construct the $85 million Oregon Convention Center in Portland; and
- the selection of the organization as the lead agency for long-term national and regional marketing of the Oregon Convention Center.

In the preparation of the plan, GPCVA has identified six principal program elements necessary to craft a comprehensive visitor strategy. None of these elements can exist in isolation from the other; combined, the six elements provide the visitor industry with a planning framework necessary to implement a successful program.

---

[5] Source: GPCVA.

Briefly, these six principal program elements are:

1. **Assessment of current attraction resources**

   A definition of our products and an inventory of our resources that might appeal to the visitor. Includes attractions, recreational facilities and activities, lodging, restaurants, shopping, convention facilities, public facilities and services.

2. Research and Information

   An analysis of the marketplace to identify target markets both nationally and internationally. Includes characteristics of the target market, information distribution channels including the travel trade, and the optimum promotional mix. Also includes measurement of and dissemination of visitor economic impacts on the community.

3. Visitor Services

   An assessment of our ability to take care of visitors once they are here. Includes an assessment of current visitor services and improvements needed, hospitality industry training, community training on how to host visitors.

4. Transportation

   A determination of transportation links, both air and surface, that are needed to improve access to Oregon and within Oregon. Includes a review of air service, public transportation, and roadway systems, and identifies improvements; also includes an assessment of tour operator and transportation providers.

5. Marketing and Promotion

   The development of image and promotional messages designed to reach the target market and encourage them to visit. Includes development of promotional material, the media mix, contacts with the travel trade through trade shows, trade publications and direct selling, establishment of cooperative marketing efforts with private sector.

6. Attraction Development

   The development of a plan for identifying new attractions, to enhance current attractions.

By using this framework, GPCVA is able to identify those areas of responsibility best matched to our resources. The framework also helps other organizations and governments interested in supporting the visitor industry to identify those activities in which they can best invest their resources.

Plan Goals - GPCVA has developed the following goal statements to define what we are trying to achieve with the marketing plans:

- To develop a program which serves to coordinate visitor marketing and visitor services activities by private and public entities in the region.
- To increase Portland's and the region's share of domestic and international visitor markets.
- To secure a competitive share of the market for major national and regional conventions and trade shows.
- To achieve or exceed projected levels of occupancy for the Oregon Convention Center by 1995.
- To support development of attractions and infrastructure needed to increase the marketability of the region for tourism/conventions.
- To increase visitor-generated tax revenue for area governments.

The following discussion presents highlights of the marketing plan specifics by division:

Tourism Division - Research and Information. Currently GPCVA does not have a tracking mechanism in place to measure the number of visitors to the area and the corresponding economic impact. GPCVA will coordinate with the state and regional organization to develop measurement tools and an ongoing program. Research will also focus on identifying target markets for travel trade and consumer marketing. In addition, GPCVA's public relations department will develop a process to disseminate visitor impact information to the community.

Visitor Services - GPCVA will continue its leadership position in providing visitor information and responding to consumer inquiries. We will continue to operate the State Welcome Center at Jantzen Beach in addition to our downtown visitors information center. GPCVA will also develop a visitors services program with the region and the state to educate Portlanders on how to be good hosts to visitors, and will develop a hospitality industry training program on how to service the visitor.

Marketing and Promotion - Domestic and international marketing and promotion will be directed to the travel trade, including tour operators and travel agents, the travel press, and the consumers. The travel trade program includes participation in travel trade shows as well as bringing targeted tour operators and travel agents to Portland. In addition, pre- and post-convention tour opportunities will be developed and promoted to Portland-area convention delegates.

Emphasis will continue with servicing travel writer visits and inquiries. We will also host travel writers on familiarization weekends to increase opportunities to tell Portland's story to both domestic and international travelers.

Marketing to the consumer will primarily be done through publishing two issues of The Portland Book in addition to other consumer magazine advertising. In addition, GPCVA will host CANADA DAYS-II, targeted to bringing 1,200 Canadians to Portland for a weekend in March of 1989.

Virtually all of these activities are cooperative programs involving the private sector. This includes attendance at trade shows, participation in trade missions, and sponsorship of familiarization tour events.

Convention Marketing - Marketing and Promotion. The primary emphasis of marketing and promoting convention opportunities is attendance at 19 major industry trade shows for association and corporate executives, meeting planners and trade show producers. Advertising will be placed in nine national and regional trade publications. Six direct mail promotions will be developed. Some 120 persons will be hosted in Portland for site inspections and familiarization tours. A strong telemarketing and direct sales effort will support marketing and promotions. In addition, GPCVA's public relations department will support and extend the marketing effort through national trade publication contacts.

Research - Research will be conducted among association and corporate executives to determine the awareness of Portland's convention product. Information will be used to further refine the marketing and promotion program.

Resource Assessment - GPCVA will conduct an assessment of Portland's resources, including the number of hotel rooms, the need for a headquarters hotel, and Portland's ability to handle and service an influx of 10,000 new visitors every week. GPCVA will then work with a group of local and regional business and government representatives to develop a plan of action to improve and enhance our physical and human resources.

UNIQUE COOPERATIVE PROGRAMS - Over the past several years, GPCVA has developed, or been a part of, a variety of unique cooperative programs designed to market and promote Portland and Oregon as a vacation destination. A few of these are described below.

"America's New West Coast Playground" is a cooperative effort to market Oregon and Washington in the international marketplace. The cooperative effort is made up of the state tourism offices of Oregon and Washington, the visitor bureau in Seattle, GPCVA, and the ports of Portland and Seattle. We have recently completed a three-year program and are in the process of finalizing our next two-year program. Each entity has contributed $10,000 per year into the cooperative fund. These dollars are used as seed monies for promotions and press conferences. From U.S. Travel and Tourism Administration information, we have focused on the target markets of Japan, the United Kingdom, Germany, Scandinavia and Australia. Some of our accomplishments include: Japan Association of Travel Agents conference and trade chow - 1985 and 1987; Japan sales mission - 1986; golf tournament for top Japan travel trade representatives; World Travel Mart - London - 1986, 1987; U.S. Embassy reception for travel trade and travel writers - London, 1986; 100 British travel agents familiarization tour to Oregon and Washington - 1986; ITB (International Travel Exchange) - Germany, 1986. The private sector in both states has participated in all of these programs, and USTTA has been very supportive of our efforts.

"Ski Fam - 1988," a five-day tour of Oregon, was a GPCVA-directed program in cooperation with Oregon's ski industry - Rippling River Resort, Timberline Lodge, Multorpor Ski Bowl, Mt. Hood Meadows, the Riverhouse - Bend, Sunriver Lodge and Resort, Inn of the Seventh Mountain, and Mt. Bachelor, Inc. The program brought 28 ski club/ski council presidents from clubs/councils located in the East. None of the clubs had visited Oregon before. The 28 participants represented 125,000 members who are interested in skiing as well as various outdoor and adventure activities. The participants toured Oregon's resort areas in addition to skiing. Plans are underway for a similar event in 1988.

"Canada Days I," a GPCVA-directed program, brought 750 Canadians to Portland for a weekend of sightseeing, shopping and dining. The program was promoted to Canadian tour operators who in turn sold the tour to the Canadian public. Plans are underway for Canada Days II for March 1989.

"Oregon Invades NTA" is the annual Oregon-hosted luncheon at the fall convention of the National Tour Association (NTA). Major luncheon co-sponsors include GPCVA, the State Tourism Division and the Port of Portland. In addition, each year 75-100 Oregon travel industry leaders fly in to help host the luncheon. This promotion has resulted in bringing the 1991 NTA spring convention to the Oregon Convention Center.

WHAT WE NEED FROM THE FEDERAL GOVERNMENT - Specifically, we need the federal government to develop a long-range visitor industry plan for the U.S. States and the private sector such as hotels, airlines and major attractions must be involved in the entire planning process. Long-term base funding must be guaranteed. A minimum budget recommendation is $20 million, with $25 million for cooperative programs.

By using the six principal program elements mentioned earlier as a framework, the plan will be assured of addressing all necessary issues.

Following are some specific recommendations that might be considered. These recommendations are divided into domestic and international markets.

Domestic

1. Assessment of Current Attraction Resources

While this element needs to be done on the local level, the government could develop a model to be used by communities, states, and regions to assess attraction resources.

2. Research and Information

The U.S. Travel Data Center has developed a model for measuring visitor impacts. However, the information must be purchased, is often costly, and frequently lags two to three years, and is therefore not very useful as a planning tool. The government should develop measurement models of visitor impacts and disseminate information within six months of collection. Models should also be usable and available for application by communities and states.

3. Visitor Services

This aspect of the program is best implemented on the local level. However, the government could provide a base visitor services program that should be in place in communities and states.

4. Transportation

Obviously, the federal highway system is a critical part to moving visitors throughout the country. We must maintain and improve this system into the future. Of major importance, however, is our public transportation system. for example, Amtrak could play a major role in the visitor industry, given adequate funding and route development opportunities. Also, a key element is legislation that constricts or hinders growth of the motorcoach industry. Such things as insurance costs have driven many such companies out of business.

5. Marketing and Promotion

On the domestic side, much of this is done by local communities, states, regions and the private sector. The federal government may not need to play an active role.

6. Attraction Development

Again, much of this type of activity must occur on the local level. However, federal taxing structure may impact future development. The government needs to assure that the U.S. remains affordable to attraction developers so that we can continue to build and develop.

International

1. Assessment of Current Attraction Resources

Much as the domestic side, communities need to understand what they have that might appeal to international visitors.

2. Research and Information

The U.S. Travel and Tourism Administration (USTTA) has in the past been able to supply Oregon with specific information about international visitors and potential target markets. The research data has included specific information on demographics and activities preferred by the international traveler. We need more of this type of information, and in a very timely manner, to plan and to take advantage of new opportunities. Information needs to be collected regularly and on an annual basis and disseminated within six months.

3. Visitor Services

As with the domestic market, this needs to be implemented on a local level. However, the federal government can provide information on cultural differences and how to prepare to handle foreign visitors. International signage is critical to serving the visitor, and while having every sign in every language is unrealistic, the government can work with states, industry organizations, the private sector and the international side to establish a uniform set of international symbols. The entire immigration and customs operation continues to be a slow, cumbersome process. Just two weeks ago a Canadian tour operator brought 1,200 people to Portland for a weekend tour on a cruise ship. Processing took three hours!!! The operator has vowed never to run such a tour again. And imagine the Canadian visitors' impressions of Portland!!! Will they ever want to return?

4. Transportation

Many of the issues raised on the domestic side also apply to the international market. The expansion of international air service routes and gateways will vastly enhance our visitor opportunities.

5. Marketing and Promotion

The USTTA offices have always been very responsive to assisting Oregon in its overseas promotional efforts. However, time and energy is often limited due to lack of staff and tremendous demand by other states and regions. Cooperative programs are extremely important and work to bring the public and private sector together.

USSTA has also attempted to provide broad promotional support under the umbrella of "America . . . Catch the Spirit." The premise behind this effort is that we must first entice the international traveler to the United States, then to a region of the U.S., and then to our individual states and cities. However, USTTA cannot be expected to effectively compete in the international marketplace with continually decreasing dollars, while countries such as Italy spend upwards of $100 million per year to lure the international visitor. Poland spends $61 million. Canada recently spent $13 million on one consumer advertising program in the U.S. -- more than our entire program budget of $11 million.

Several years ago USTTA published an Oregon/Washington/Idaho map printed in both English and Japanese. This was a great asset as long as it was available. Lack of funding has ended any such collateral material. Lack of funding has also closed consumer "walk-in" offices throughout the system, and our German program is being run out of the U.K. office. Without a presence in the marketplace and a way to distribute information, we cannot expect to compete internationally.

6. Attraction Development

As on the domestic side, we must be able to develop attractions to lure the international visitor to the United States. To the extent we can attract foreign investment to develop attractions, we will also have new partners to help us market such attractions.

In summary, we need the federal government to develop a long-term visitor industry plan in cooperation with state tourism offices and the private sector. The plan should be based on the six basic principles of attraction resource assessment, research and information, visitor services, transportation, marketing and promotion, and attraction development. A long-term minimum base budget of $20 million, with $25 million for cooperative efforts, must be guaranteed for a successful program and if the U.S. is to truly reap full benefit from the visitor industry.

I thank you for the opportunity to comment.

CENTRAL OREGON RECREATION ASSOCIATION
CORA
P.O. Box 230 • Bend, Oregon 97709 • (503) 389-8799

PREPARED STATEMENT OF MEAGHAN DOBERT, BEFORE THE
HOUSE SMALL BUSINESS SUBCOMMITTEE ON EXPORTS, TOURISM AND SPECIAL PROBLEMS
RIPPLING RIVER RESORT, WELCHES, OREGON
JUNE 3, 1988

The CORA Story: Cooperative Marketing and Economic Development

The Central Oregon Recreation Association (CORA) was founded in 1970 and is best described as a non-profit "marketing cooperative" for Central Oregon. The association promotes tourism, travel, recreation and the subsequent economic development through media, advertising, special promotions and service to the travel industry. The association believes in tourism as one means to an end of a diverse economic base.

CORA is funded through membership dues, a portion of the Deschutes County Transient Room Tax, and private and public sector advertising and program participation.

Since late 1986, CORA's efforts have mainly taken the form of advertising the Central Oregon region through the medium of 8-page advertising inserts. These inserts are distributed throughout the Western United States through Sunset Magazine and major metropolitan newspapers and magazines.

In 1986, our association, along with Central Oregon public and private sectors combined efforts and resources to secure comprehensive jet air service, via PSA, from San Francisco to Redmond/Bend. The move involved a significant up-front "gamble," with the State's leading banks and utilities joining a wide range of Central Oregon businesses to establish a half-million dollar "support guarantee" fund into which PSA could dip if regional emplanement figures fell short of pre-set minimums.

The fund was never tapped. The region surpassed the PSA minimum performance standard by 200% and Governor Goldschmidt, in remarks to Central Oregon regional leaders, lauded the area as one "that created it's own luck." Following is the regional story in capsulized form:

After securing the PSA air service commitment, Central Oregon moved to implement an unprecedented cooperative marketing campaign to assure adequate boarding performance from the California market. CORA and regional resorts pooled marketing resources, supplemented by major support from PSA, American Express and the State of Oregon Lottery Fund ($30,000) to arrive at a 1986-87 marketing budget of $434,000.

That budget was then leveraged, by an innovative ad space purchasing plan and by the addition of vacation packages used for enhancement promotions, into a campaign with a face value in excess of $1 million.

The result, one year later, was a regional tourism increase of 42%. All-time visitor records were set by Mt. Bachelor Ski and Summer Resort (which was 635,000 visitor days, a 35% increase over 1985-86); The High Desert Museum (20% increase) and the area lodgers, based upon transient room tax receipts that were 40% above the previous year's collection.

Over the 1986-87 year, the region was able, through this cooperative marketing strategy, to place 2 million 8-page ads in Sunset and major metropolitan newspapers in November and March issues.

Spin-off publicity efforts, achieved both as the result of active placements and unsolicited editorial interest, resulted in such feature coverage as a full-page article in the Sunday New York Times (3/15/87); a 6-page color feature in Sunset (7/87); a 4-page article in Motorland (6/87) and numerous other print and broadcast features.

It's important to note that the regional effort is not to develop the tourism industry as a means in itself, but rather as a means to comprehensive economic diversification.

Tourism was selected as the vehicle to gain market awareness. However, messages to business executives and entrepreneurs are incorporated in all the regional ads. Further, the marketing campaign is aimed at upper-demographic markets in an effort to lure to the region visitors who are in a position to make business start-up and relocation decisions.

The close association between tourism and business relocation and start-up in our region is documented. Over 70% of business start-ups and relocations over the past 10 years have resulted from visits and/or vacations. The CORA advertising programs provide ad respondents the opportunity to seek business relocation and start-up information. CORA forwards all business inquiries to the Central Oregon Economic Development Council (COEDC) who in turn responds directly to the lead. Central Oregon is a region where the economic importance of tourism is clearly seen by the diversity of our economic base and the vitality of the business climate.

The fact that all segments of the region--including the Central Oregon Recreation Association, Deschutes County, the City and Chamber of Bend, the Central Oregon Intergovernmental Council, the Central Oregon Economic Development Council, Mt. Bachelor, large resorts and small motels--joined together with the support of USAir/PSA, American Express, Pacific

Northwest Bell, US West and the State of Oregon, established a regional partnership strategy that is being treated as a model.

The program's success was evidenced by visitor counts and by the fact that all 1986-87 cooperative participants increased their commitments to the regional 1987-88 effort, which circulated 2.6 million 8-page ads, backed by a full-page ad in USA TODAY. The 1987-88 campaign has a face media value of $1.75 million and an investment of $580,000.

The goal of the current year's program (1987-88) was to merely sustain the increased visitor counts of the previous record-breaking year. That goal has been exceeded by 15 to 18% year-to-date as indicated by transient room tax revenues, area resort and attraction visitor counts and increased activity at the toll-free Central Oregon Reservation Center.

State and Federal Government Tourism Promotion

The success of our regional marketing program is directly linked to cooperative rather than parallel efforts. Once the region was capsulized into one easy-to-buy package the success accelerated. This theory holds true on the Federal and State levels as well.

The focus of the Federal role in tourism promotion should be at the top of the "funnel." Through promoting our largest product, the U.S., to international markets, the Federal government provides the individual states with the opportunity to effectively carry the sale to the next level of promotion.

The next level in the "funnel" concept is an aggressive state tourism campaign targeted to the domestic market and complementing the Federal international programs where applicable. Whereas the Federal effort is comprised of a composite of states, the state efforts likewise are a composite of regions.

The State of Oregon has launched an unprecedented tourism marketing program built around regional amenities. The Oregon campaign creates the opportunity for the individual regions to enhance their own efforts in concert with the State and independently. The regional efforts are the final phase in the "funnel" process, effectively using limited local resources directed at what has become a qualified market.

CENTRAL
OREGON
RECREATION
ASSOCIATION
CORA
P.O. Box 230 • Bend, Oregon 97709 • (503) 389-8799

DESCHUTES COUNTY TRANSIENT ROOM TAX REVENUE GROWTH

Year	Total Collection	CORA Allocation	General Fund
1985-86	$ 739,582	$167,981	$571,601
1986-87	$ 897,416	$179,483	$717,933
1987-88	$1,021,702	$206,540	$815,162

(1987-88 numbers indicate current annual projection)

Average growth for the five-year period 1983-1988 equals 15.2%

Central Oregon's visitor industry growth, as portrayed through room tax collections, clearly outpaces the rest of the State: (By documented tax records)

Eugene	3%
Lincoln City	7%
Ashland	7%
Portland	12%
Central Oregon	15%

HOW HAS CENTRAL OREGON HELPED TO DRIVE THIS GROWTH?

Leveraged Budgeting

	CORA Tax Allocation	CORA Allocation to Dest. Mktg.	Cooperative Budget	Leveraged Total
1985-86	$167,981	$130,000	$ 000	$130,000
1986-87	$179,483(+7%)	$135,000(+4%)	$329,000(+153%)	$464,000(+257%)
1987-88	$206,540(+15%)	$160,000(+18%)	$415,000(+26%)	$575,000(+24%)

Cooperative Marketing

CORA uses County Transient Room Tax Dollars to seed a cooperative marketing fund, in which Mt. Bachelor, the Region's resorts and motels, the City and Chamber of Bend, and a range of other regional attractions participate financially. The effort for the past two years has been leveraged by corporate cooperation from PSA/USAir and Sunriver Realty, who have participated as back-page advertisers in the twice-annual 8-page ad inserts.

The total 1987-88 budget of $575,000 represents a 3-time leverage of County tax dollars.

Further, the advertising purchase method resulted in direct media exposure of $1,000,000, representing a 2-time leverage of the budget; and a 6-time leverage of County tax dollars.

Benefits to County Businesses and Attractions

Beyond tax dollars, individual County businesses and attractions are able to leverage their budgets through this cooperative program as well.

> "Thanks to the Central Oregon Recreation Association...for the marketing opportunities you have offered the Museum."
>
> --High Desert Museum

> "The CORA ads are generating tremendous response...We have been awash with letters and phone calls. Without question, it has been the best ad purchase we have made."
>
> --Rock Springs Guest Ranch

> "We would like to let you know how pleased we are with the insert...We were impressed with the piece in its entirety...Congratulations on a job well done!"
>
> --Bend Chamber Tourism Council

Growing Regional Support

Regional support can be measured through the growing CORA membership, which has shown a 106% increase over the past five-year period, and a 38% increase in 1987-88 alone.

1983-84	49 members
1984-85	66 members (+35%)
1985-86	72 members (+9%)
1986-87	73 members (+1%)
1987-88	101 members (+38%)

Growing Northwest Recognition

The County/Tourism partnership represented by CORA has been cited as a model by the Governor and State Economic Development Director, as well as by Tourism leaders throughout the Northwest. Our Tourism Impact Statement, distributed to all state legislators, has been requested in quantity and used as a format for emulation. Further, over the past year, CORA has been called upon to make presentations on its structure and marketing approach to the following groups:

State of Washington
Jackson/Josephine Counties
Douglas County
Oregon Business Council
10-County N.E. Oregon Consortium
Bozeman, Montana
Oregon Tourism Conference
Congressional Small Business/Tourism Committee

A Growing Role in Support of Economic Development

The tri-county regional strategy of soliciting business relocation or start-up through tourism marketing efforts is one CORA supports fully. County tax dollars allocated to CORA have been directed into this effort through ads produced and placed over the past two-year period.

> "Everyone can see the tie-in with economic development and tourism; Central Oregon has clearly positioned itself in front of all regions..."
>
> --Oregon Business Council

> "The regional cooperation between COEDC and CORA is paying excellent dividends...COEDC received 15 calls over the first three days following release of the Spring 1988 ad."
>
> --COEDC

IT'S WORKING

Central Oregon Reservation Statistics

	Total Inquires	Vacation Bookings
Feb.-April, 1987	7,389	712
Feb.-April, 1988	10,960 (+48%)	1,014 (+42%)

April Inquiry Three-Year Comparisons--Central Oregon Reservations

April, 1986	780
April, 1987	1,291 (66%)
April, 1988	2,061 (60%)

Mt. Bachelor Visitor Days

1985-86	488,000
1986-87	620,000
1987-88	600,000

1986-87 saw ideal conditions that Mt. Bachelor and the region's lodging leaders knew could likely not be duplicated two years in a row. In fact, due to weather Mt. Bachelor all but lost the lucrative Thanksgiving weekend, and portions of the 3-week Spring Break.

YET, the projected 1987-88 Mt. Bachelor visitor day count is within 4% of the 1986-87 record number, which was 27% over the previous year's performance.

FURTHER, In spite of a late season start and marginal Spring Break conditions, Mt. Bachelor largely maintained its growth surge, while the region's lodging and attractions saw further increases.

High Desert Museum Admissions

1985-86	74,822
1986-87	90,180 (+21%)
1987-88	107,438 (+19%)

Redmond Airport Emplanements

Nov.-Apr. 1985-86	11,107
Nov.-Apr. 1986-87	24,690 (+122%)
Nov.-Apr. 1987-88	26,360 (7%)

1988-89 PROPOSED CORA MARKETING STRATEGY

Marketing Campaign Goal

To achieve tourism growth through a strategy that targets regional and destination vacation visits of 3+ days, aiming to even out weekend/weekday traffic, extend high-season business into softer-season months, and achieve early vacation commitments to avoid reliance on short-term weather forecasts.

Advertising Strategy

--To continue to lead a regional cooperative marketing effort.

--To extend the campaign from twice-annual 8-page ads to multiple placements of full-page ads, backed by broadcast ads.

--To introduce a competitive ad response magazine.

Advertising Objective

--Increased Advertising Frequency

--Mixed Media Advertising Exposure

--Increased Message Penetration

--Increased Leveraging of Tax Dollars

# # #

DESCHUTES COUNTY
Board of Commissioners
Administration Bldg. / Bend, Oregon 97701 / (503) 388-6570

Lois Bristow Prante
Dick Maudlin
Tom Throop

DESCHUTES COUNTY LOCAL BUSINESS SURVEY

Deschutes County conducted a telephone survey in September 1987, in which 113 county businesses were surveyed. The survey sample used was Bend, Redmond, and Sisters Chamber of Commerce members.

Of those 113 businesses surveyed:

- 47 have been established for over ten years
- 66 had been established for ten years or less

Of the 47 businesses that have been established for over ten years, 25 (or 53 percent) moved to Central Oregon as a result of first visiting here or because they valued the quality of life the area has to offer. The range of these businesses include:

membrane research
publishing
signs
countertops
woodworking
education
advertising
industrial rollers
boatbuilders
special machinery
membrane manufacturing
precast concrete products
plastics
computer systems and software
manufacturing
picture framing
electronics
design engineering
tipi makers

Of those 66 businesses established for ten years or less, 47 (or 71 percent) relocated after first visiting or because they valued the quality of life the area has to offer. The range of these businesses include:

computer software manufacturing companies
communications network equipment manufacturing
power control devices
electronic/computerized timing equipment for sporting events
ceramic/metal seals
semi-conductor manufacturing
tactical remote sensing devices
image processing research
radio transmitter, biology, and medical research
several wood furniture manufacturers

specialized tools and machinery
sawblade manufacturing
cabinetry
video equipment sales and rental
manufacturing of sports equipment
architectural firms
solar products
several magazine publishers
pneumatic conveyors
pollution control systems
heating and sheetmetal
welding
printing and publishing
pottery
graphic arts
dental equipment manufacturing
wood products remanufacturing
dental ceramics
sign companies
custom kitchen designers
educational consultants
educational materials

Over the last ten years, there has been a significant increase in businesses who chose to move to Central Oregon after visiting the area. The Central Oregon Regional Strategy is designed to further tap this phenomenon.

Of the 113 businesses surveyed, a total of 72 (or 64 percent) are owned by people who came to the area as a result of visiting the area or who chose to live here because of the quality of life. Those businesses employ a total of 946 full-time and 37 part-time or seasonal employees.

Of those 72 businesses that came here as a result of tourism or quality of life, 47 (or 65 percent) came to the area within the last ten years and employ a total of 540 full-time and 12 part-time or seasonal employeees (56 percent of the total jobs created). This signifies a trend of more recent economic growth, which corresponds with the increase in area tourism promotion over that period of time.

Prior to 1975, there were no high-tech businesses in Bend. Bend Research and Oregon Communications began business in 1975. Today, there are 19 high-tech businesses in the area, employing over 370 people.

MIKE CLARK,

TESTIMONY FOR RECREATIONAL HEARING

FRIDAY JUNE 3RD

RIPPLING RIVER RESORT

AS IS CRUCIAL TO ANY REAL ESTATE BASED BUSINESS, THREE KEY ELEMENTS ARE LOCATION, LOCATION, LOCATION. ONCE THIS PROBLEM IS SOLVED, YOU MUST FIRST BUILD THE FACILITIES THAT CAN MAXIMIZE THE LOCATION, SECONDLY STAFF IT WITH KNOWLEDGEABLE, ENTHUSIASTIC, AND POLITE PEOPLE, AND FINALLY PUT TOGETHER A MULTI-LEVEL MARKETING PLAN TO MAXIMIZE THE PROJECT'S SUCCESS.

HERE IN OREGON, WE ARE BLESSED WITH ONE OF THE FINEST LOCATIONS IN THE WORLD FOR A MULTITUDE OF RECREATIONALISTS. FROM THE NATURAL WIND TUNNEL OF THE COLUMBIA RIVER GORGE, THE WORLD'S WINDSURFING CAPITAL HOOD RIVER, THE MOUNTAINS WITH AN ABUNDANCE OF SNOW YEAR ROUND, AN UNTOUCHED COAST LINE THE LENGTH OF THE STATE, A MULTITUDE OF LAKES, RIVERS AND STREAMS PROVIDING SOME OF THE FINEST FISHING AND BOATING ANYWHERE IN THE WORLD, TO CITIES NESTLED WITHIN THIS ENVIRONMENT PROVIDING A MULTITUDE OF SERVICES, OREGON TRULY IS THE LOCATION OF CHOICE FOR THE NEXT SEVERAL DECADES.

ITS VITAL LINK TO THE PACIFIC RIM ALLOWS OREGON TO TAP MEMBERS OF THE ORIENT.

TO MAXIMIZE THIS SITUATION, IT IS VITAL THAT ALL PARTIES INVOLVED WORK TOGETHER COOPERATIVELY TO BRING ABOUT THE PROGRESSIVE

CHANGES NEEDED TO ACHIEVE SUCCESS. TOURISM IS PROBABLY ONE OF THE FINEST INDUSTRIES IN THE WORLD IN THAT IT PROVIDES FOR A PLUS, PLUS SITUATION IN NEARLY ALL CASES. NOT ONLY DO GUESTS ENJOY THEMSELVES WHILE THEY ARE HERE, BUT THOSE OF US WHO HAVE THE PRIVILEGE OF ACTING AS GUIDES TO THIS NATURAL WONDERLAND ENJOY INTRODUCING SOMEONE NEW TO IT. AS ACTIVISTS SPORTS BECOME MORE AND MORE POPULAR, OREGON IS AT THE LEADING EDGE OF THESE SPORTS DEVELOPMENTS. WINDSURFING, SKIING, RUNNING, WHITE WATER RAFTING AND CANOEING, ARE ALL SPORTS THAT UTILIZE OREGON AS A TESTING GROUND FOR THEIR EQUIPMENT AND ATHLETES.

WHAT IS VITALLY NEEDED, IS JOINT FUNDING AND QUALIFIED DIRECTION IN CONTINUING TO DEVELOP THE AMENITIES TO FULLY SERVICE THE GUESTS THAT ARE AND WILL CONTINUE TO UTILIZE OREGON. FROM THE ROADWAYS AND POWER REQUIREMENTS TO THE CONVENIENCE MARKET, ALL GUEST SERVICES NEED TO BE PLANNED FOR AND ACTUATED.

VIGOROUS TRAINING AND RECRUITMENT OF A QUALIFIED LABOR FORCE THAT UNDERSTANDS THE NOBLE CALLING OF THE TOURISM INDUSTRY NEEDS TO BE TAKING PLACE AT THE SAME TIME. CONCURRENT WITH BOTH OF THESE DEVELOPMENTS, A VIGOROUS RESEARCH AND MARKETING PROGRAM NEEDS TO BE CONTINUALLY DEVELOPED IN ORDER TO EFFECTIVELY EXPOSE THOSE SEEKING AN OREGON EXPERIENCE.

FEDERAL AND STATE FUNDING NEEDS TO BE TARGETED TOWARD AND FUNNELED TO ORGANIZATIONS THAT HAVE THESE GOALS AS THEIR CREDO. OREGON CERTAINLY HAS THE ENTHUSIASM AND EXPERTISE BUT VITALLY

NEEDS THE FUNDING TO MAKE THE MOST OF THE HIGHLY POSITIVE EXPERIENCE.

A COMPREHENSIVE GUESTS RELATIONS AND RECRUITMENT PROGRAM NEEDS TO BE FUNDED AND ACTUATED.

FEDERAL AND STATE AID IN RECRUITING AND HELPING WITH THE PAINFUL PROCESS OF PHYSICAL DEVELOPMENT NEEDS TO OCCUR IN A STREAMLINE FASHION TO MAKE GUEST AMENITIES A REALITY.

RESEARCH AND DEVELOPMENT OF A FINELY TARGETED MARKETING PLAN WILL MAXIMIZE THE ENTIRE INVESTMENT IN THIS PROGRAM ONE HUNDRED FOLD.

IT IS NOT VITAL TO REINVENT THE WHEEL BUT RATHER LOCATE AND WORK WITH THE COMPANIES, PEOPLE AND PROGRAMS ALREADY COMMITTED TO THIS VITAL TASK OF TOURISM AND RECREATION.

THE INN
of the
SEVENTH
MOUNTAIN

Warren E. Klug has been the President and General Manager of the Inn of the Seventh Mountain resort since 1976. The Inn is a 324 room condominium resort that features full-resort services and facilities, and is located in the year-round recreational area of Central Oregon. Since 1983, Mr. Klug has served on the Oregon Tourism Council, the citizen's advisory group that oversees Oregon State tourism promotion. He is currently chairman of the Tourism Council. He has served as a board member and past president of the Central Oregon Recreation Association, and as a board member and president of the Oregon Hotel Motel Assn. Mr. Klug is active is the tourism industry, with interests throughout the state of Oregon.

P.O. Box 1207 • Bend, Oregon 97709 • (503) 382-8711

SUMMARY OF TESTIMONY BEFORE THE HOUSE SMALL BUSINESS SUBCOMMITTEE

by: Warren E. Klug, President & General Manager
Inn of the Seventh Mountain

It is no secret that tourism, recreation and leisure industries represent significant levels of economic impact on communities and states throughout this great nation. The tourism and travel industry ranks as the third largest retail industry in the United States. Across the country, tourism ranks as the number one, number two or number three industry in nearly every state of the union. Tourism and visitor-related business can mean economic health, or even economic survival, for areas throughout this nation that may have little else on which to rely for income.

Tourism is important as an economic activity that brings outside income to local areas, provides employment and jobs at a variety of skill levels and pay levels, and tourism fosters independent businesses from the very small to the very large.

Just as tourism and travel are important to our nation, it is a major industry in Oregon. Income figures show that tourism is the number 3 industry in our state, behind forest products and agriculture. Our most recent figures are that tourism brings over $2.5 billion of revenue to our state annually, and is responsible for approximately 65,000 jobs. In Oregon, visitor expenditures support thousands of individual businesses, mostly businesses that are relatively small. Research suggests that approximately 24% of visitor expenditures go toward lodging expenses; the remaining 76% is spent on retail purchases, activities, recreation, services and food.

In Oregon, as in other parts of our country, tourism brings new money to a wide variety of businesses, including many that do not normally think of themselves as tourism-related. Visitors spend money in retail stores. They buy groceries, gas and clothing. They use local services, have their cars repaired, and they pay for recreation; and they buy professional services.

A major plus for tourism-related business from an economic standpoint is that they are normally labor intensive. By the nature of their products, hospitality businesses employ large number of workers at a variety of job levels. There are professionals and executives in our industry who are well recongized and well paid; there are large number of entry level and lesser skilled jobs; and there are a great number of positions in between. Hospitality industries provide valuable employment for individuals needing a second income, for family members who need parttime work, for students and young people, and for those needing entry level job experience. The industry involves skilled work, as well as semi-skilled work, and provides many jobs that require successful dealing with people and the development of sound employment skills. Tourism provides jobs that are important to America, and important for the state of Oregon.

In my own operation at the Inn of the Seventh Mountain, we provide employment for over 200 local people. The majority of our employees work for us year-round. Income levels range from a low of $3.65 an hour, to a high of over $60,000 annually. We employ a good number of entry level, first time workers, along with hospitality professionals who look to our business for career employment and family income salaries. In addition to the significant revenues generated directly by our resort, we estimate that over $15 million is spent in the local community annually by our Inn guests. Our employees spend their wages and salaries in the local community, adding approximately $2 million annually. Our resort pays hundreds of thousands each year in local property taxes and transient room taxes, along with income taxes to both state and federal governments. We are important to the local economy and to Oregon's economy, yet we are just one of many visitor industry properties throughout the state.

TOURISM AND SMALL BUSINESS

Across our nation, and throughout Oregon, visitors are hosted by a variety of small business firms and personally owned/operated organizations. In few industries is the importance of small business so evident. Some are seasonal and some are year-round operations, all providing a livelyhood for owners, managers and employees.

When we think of tourism, we often think of the Hilton's, the Holiday Inn's, and Disneyland. Of course, large businesses of this nature play an important role in overall tourism. But they are not the dominant players. Small businesses greatly outnumber the larger ones, and are the major players in an industry that provides accommodations, products and services to the traveling public. In Oregon for example, the larger hospitality-oriented firms are relatively few in number. Of the 600 members in the Oregon Lodging Assn., the great majority are properties with under 100 rooms. It is a similar case with the many restaurants, attractions and retail shops that cater directly to Oregon's visitors and travelers.

The state and federal government must continue to remember that just as tourism is an important industry in our economy, small businesses play a major part in tourism. Regulations and requirements that are difficult on small businesses are, in fact, hardships on the tourism industry.

ECONOMIC DIVERSIFICATION

By itself, tourism provides a level of economic diversification that is extremely valuable to many areas of our nation. Here in Oregon, we have numerous examples of tourism providing an important level of new or strengthened economic activity in areas hard-hit by the decline of traditional industries. In my own area of Central Oregon, the recent severe recession in Oregon's wood products industry offers a case-in-point. While income and employment in the wood products business declined seriously over past years, the tourism industry in our area continued to grow. Now that timber is back into greater health, we have two important industries growing and operating side-by-side: forest products and tourism. While the forest products industry provides very few entry-level jobs or more jobs, the hospitality industry employs and good many young people and entry-level workers who gain valuable job experience that can carry them into a variety of future employment opportunties.

Tourism also is valuable in an area's economic diversification because it brings together potential investors for business people with opportunites in a local area. Again, in my own area of Central Oregon, we have seen time and time again cases where an investor or business person was introduced to our area as a vacationer, then chose to bring his business, or start a new business, in Central Oregon. Local research indicates clearly that nearly every new business that came to Central Oregon over the past ten years was prompted by an original vacation visit from the business owner or principal. Tourism encourages economic diversity in the local area, not only as an industry itself, but as a means of introducing the area to outside business people who may be encouraged to return and bring their business with them.

TOURISM MARKETING

Cooperative and joint marketing efforts are important to many industries, but they are especially important to the travel and tourism industry. In tourism marketing, it is frequently the case that the sum of the parts add up to more than the whole. Money and effort expended by individual areas or businesses can be combined together for a greater overall impact. Tourism marketing and sales people have recognized this for years.

It is also well recognized that cooperative marketing efforts by entities within an area, by a combination of areas, or by a whole state together can be extremely valuable. The key is that areas can come together to help create a greater awareness of their visitor product to the benefit of everyone. A state can provide an umbrella marketing program that will help generate a greater awareness of the visitor offerings within that state. There are no greater examples than the efforts by the state of Hawaii, the state of Florida, and the state of California. The famous "I love New York" campaign of some years ago had a tremendously positive impact on the City of New York and its appeal to tourists. The examples go on and on.

INTERNATIONAL MARKETING

On the federal level, too, governmental support of combined tourism marketing efforts pay off. There is a reason, certainly, why every nation that has even a remote tourism product establishes an office of tourism marketing. Poland, for example, spends more than five times as much as does the United States on international tourism promotion. In this nation, the value of foreign visitor expenditures is considerable. International visitor spending in the United States generated $12.9 billion in 1986, while the USTTA office ran $12 million in funding. International tourism promotion is a sound investment.

Our neighbors to the north, Canada, provide us an excellent example of tourism promotion on a national scale. Canada spends big money on its tourism marketing effort, especially here in the United States, and it pays off handsomely.

In the United States, the overseas efforts fo the U.S.T.T.A. have been valuable in providing an on-going level of tourism marketing and product awareness. Especially with the recent devaluation of the dollar, travel to the United States is more attractive now than it has been before. But we cannot expect foreign visitors to simply arrive in our nation. As a country, representing the individual states of our nation, we must be providing marketplace awareness and marketing assistance in foreign nations. State and local areas that have products of interest to foreign nations need help within those nations in bringing their products to professional travel trade firms, and to consumers. This is the proper role of the U.S.T.T.A., and it has a track record of proven success despite budget restrictions.

I personally have worked with U.S.T.T.A. offices in Japan and in Mexico. My experiences have always been positive, and I know that our sales efforts have brought us first-rate results. The United States must be represented in key foreign travel markets, and the U.S.T.T.A. clearly plays and important role in bringing foreign visitors and their money to all parts of our nation.

I am aware that U.S.T.T.A. funding has been a continuing problem over recent years. I have never understood how congressional leaders or the administration could think that it is in this nations best interest to eliminate U.S.T.T.A. marketing services in foreign lands. In fact, I believe we should be increasing our investment in U.S.T.T.A. as we continue to look for growing numbers of foreign visitors. This is an especially important issue for those of us on the West Coast, as it is similarly for East Coast states.

SUMMARY

Tourism is an important industry in our nation and in our state of Oregon. Visitors mean income, jobs and business opportunities. Employment produced include a variety of pay levels and job skills. The majority of tourism-related businesses are "small business".

Tourism provides valuable economic diversity in terms of tourism activities themselves, plus the introduction of new businesses.

State and federal governments provide important marketing and promotional vehicles for local areas and businesses. The U.S.T.T.A., in particular, is an extremely valuable source of business for states and areas throughout the nation. The U.S.T.T.A. should continue, and should be strengthened.

Testimony and Comments
by Richard L. Kohnstamm, Area Operator, Timberline Lodge

TO: Select Congressional Committee
on International Tourism
Honorable Ron Wyden, Chairperson

DATE: June 3, 1988

Opening Comment:

The tourism industry, and more specifically the international tourism market, needs to be viewed as an emerging and very important segment of the American economy. The private sector and Government alike must become aware of international tourism as a new product and plan for the success of this product. Careful organization and a common strategy for growth should be the bond between the private sector and the Federal Government.

Interesting International Tourism Statistics

Using 1983 as the guide year, the inbound U.S. international tourism market comprised these statistics:

*21.5 million people visited the U.S.
*International visitors spent $13.8 billion.
*Foreign visitors arrived from:
Canada
Mexico
Europe
Far East
(in order of most entries into the U.S.)
*Average per visit expenditures (per tourist) are in access of $1,100
*Internally, tourism worldwide, represents a $110 billion industry with the United States receiving only 12.6% of this amount.

Fundamental Information:

Each 1% of the international market that the U.S. gains represents an additional $1 billion to our economy and in excess of $165 million in total tax revenues and an estimated 28,500 new jobs.

Important Economic Facts:

*Tourism is now regarded as the second largest employer in the U.S. Seven million people work directly or indirectly in Tourism occupations.
*The American tourism and travel industry earned an estimated $200 billion in 1983.

The most important factor of the tourism/travel industry is . . .

> About 1 million small business interests make up the largest share of the industry.
>
> After the airlines, large corporate hotels and the few major attraction entries, the rest of the U.S. tourism industry is comprised of small independently owned and operated businesses.

It is here that the tourism industry needs the consideration of the governmental agencies as most of these businesses, operating independently, have little ability to impact the various market segments or acheive a unified image in the market place.

I believe the cooperation between the private sector, Federal, State and Local Government agencies must have three goals:

1. Expansion of the current tourism related product inventory.
2. New product development.
3. Promotion of the tourism product.

International tourism and domestic tourism have some very basic needs ... and in some cases these needs are to the benefit of our local community inhabitants as well.

Small business interests alone cannot manage the overall master plan concept of:

1. Transportation systems
2. Recreational development
3. Attraction development
4. Historic / cultural development

The product development and continuing financial support for such tourist related areas as:

*The Columbia Gorge
*Mt. Hood National Forest
*The Oregon Coast

to mention just a few, are tourism projects which can best be handled through cooperative plans.

To pinpoint some product development and enhancement needs the tourism industry has got to have help with:

1. Signage: The international signage system must be in place for tourism communities to meet the basic necessities of foreign travelers.
2. Incentives for the airlines industry to develop new Gateway cities, route development for direct flights and worldwide price competition not tied to the strength of the U.S. dollar.
3. Incentives for ground transportation development and mass transit networks.

4. Incentives for community development of historic/cultural attractions.
5. Easy and accessible foreign currency exchange outlets within local communities.
6. Incentives for local, regional and national interests to work together on tourism campaigns.

Once the saleable package is in place, promotion of that product becomes of extreme importance.

> Point of Interest: The U.S. tourism budget in 1983 was $7.6 million. Our competition to the south ... Mexico ... spent $182 million. Even though I am not advocating such a grandiose expenditure, I am concerned as President Reagan's original 1986 budget did not allocate any funds for the USTTA and promotion of the tourism industry.

Tourism related promotional budgets are trackable and represent a government expenditure that has a return. For every $1.00 spent to promote tourism by the Federal Government, $181.33 is returned to the U.S. economy and $29.22 is contributed to the tax base. The cost to benefit ratio is most impressive.

It is my contention that the USTTA should become an important economic development link for our country.

Budgeting for this department should be expanded and a reorganization of the department and the operating format should be of a high priority.

Federal dollars allocated to USTTA should have the ability to promote the overall concept of U.S. travel but should also address the cooperative needs of the States and/or specific tourism regions (such as America's New West Coast Playground).

Continued expansion of strategically placed USTTA tourist offices determined to direct sell to the foreign travel market should be another goal.

USTTA networking back to the local communities is non-existent.

No major link between USTTA and regional destination marketing organizations is in place to solidify the promotional campaigns or properly educate the tourism industry as to how best to handle the foreign visitor.

USTTA can best help the tourism industry by:

1. Defining the product.
2. Comprehensively inventorying the product.
3. Analyzing the trends.
4. Developing the national promotion.
5. Selling the national product.
6. Statistically evaluating the promotions.
7. Educating the local communities.

Summation:

As the U.S. economy has become more dependent on import products and the flow of U.S. dollars ends up aboard tourism represents a welcome return of U.S. dollars to pur economy.

To satisfy a foreign travelers dream of "Traveling to America", we must learn to think as a consumer and make our local communities, States and the Nation an accessible, easy and friendly place to visit.

Information Sources:

U.S. Travel Data Center
USTTA

INTERNATIONAL TOURISM AND THE ECONOMY
FOR THE
HOUSE SMALL BUSINESS SUBCOMMITTEE
ON EXPORTS, TOURISM, AND SPECIAL PROBLEMS

AZUMANO TRAVEL SERVICE, INC.
SHO G. DOZONO
PRESIDENT
JUNE 3, 1988
RIPPLING RIVER RESORT

"Oregon", can it become an international tourist destination? That is the key question. How can a state virtually unkown in the world market ever hope to become an international destination? The answer lies within our industry, the tourism industry in Oregon.

Tourism is currently the third ranking industry in Oregon and is destined to be number one by the year 2000. It is a big business, made up of hundreds of small businesses. Azumano Travel Service is one of those small businesses involved in travel management and tour operation. Our agency has been in the travel agency business for nearly 40 years, and in those years, we have seen Oregon's tourism industry grow from a regional tourist destination to a national tourist and convention attraction.

In the international arena, Portland and Oregon has come a long way since Western Airlines was the only international carrier with its daily flight to Vancouver, Canada. Beginning in 1983, with United Airline's one day a week service to Tokyo, Portland and Oregon entered the international market. But, it is Delta Air Line's commitment to make Portland, Delta's gateway to the Pacific Rim that has given a new meaning to the term "international tourism" in Oregon. Effective July 1, 1988, Portland will have 14 non-stop transpacific flights weekly. These flights will link Portland to Japan and Korea and by direct service, it will also link Taiwan to Oregon. In four short years, since first entering the Pacific Rim market, Portland will have increased our transpacific flights fourteen fold. And for the first time, Oregon can truly become a destination for the tourist out of the Pacific Rim countries.

Ambassador Mansfield has been quoted many times as having proclaimed that the 21st century will be the "Century of the Pacific". If that prediction is true, Oregon will be well poised to play a major role. Our economy will be tied more and more through tourism, investments, and trade. Tourism will be a key factor in bringing Oregon and these countries of the Pacific Rim closer together. In the past, it was trade that brought countries closer together, but in the future, it will be tourism that will bring people closer together.

It is this effort in promoting Oregon as a destination for the Pacific Rim, specifically the Japanese that Azumano Travel has invested our time and resources since 1981. Prior to United Airlines entry into the international market, we at Azumano had identified Japan as our primary target to attract visitors to our state. Japan was already sending several million tourists abroad. Hawaii and Guam, fast becoming favorite destinations for the Japanese tourists. And more recently, with the rise of the value of the yen and continuing growth of the Japanese economy, over 6 million Japanese travelled to foreign destinations in 1987. Hawaii alone received over a million Japanese visitors in 1987. The Japanese government, in its desire to ease the trade in-balance, has announced an aggressive campaign to encourage the Japanese to travel abroad and buy goods in those foreign countries. Their aim is to have 10 million Japanese travel abroad by the year 1990.

Oregon, with her abundant recreational facilities and natural beauty, can be a desirable destination for those Japanese seeking the great outdoors. With these two factors, the Japanese travelling overseas in great numbers and Oregon's natural asset, we felt that we could make Oregon an attractive alternative to the likes of Hawaii, Disneyland, San Fransisco and Los Angeles.

Since Oregon was virtually unknown in Japan, we had to come up with a plan to expose Oregon to the Japanese. Our plan was simple: realizing that the state and local tourism agencies had little or no money to buy newspaper advertising or television advertising, we sought to invite various T.V. programs to do features on Oregon. By providing incentives such as free air transportation, lodging, meals, etc., we were successful in getting a major network to bring a popular "11 P.M." program (late night variety show similar to Johnny Carson) in 1981. That was our first real success. Encouraged by that success, we went after Fuji Television Network, the highest rated of the major networks in Japan to do a mini-series to be shot all on location in Oregon. This effort coincided with the inaugural flight by United Airlines to Tokyo and with the help of then Mayor of

Portland, Frank Ivancis, and then Governor Vic Atiyeh, we were able to convince Fuji to do a drama series in Oregon named "From Oregon With Love".

In order to entice and convince Fuji Television to do a first ever location in a foreign country, we provided 120 round tickets to Portland via United Airlines and guaranteed accommodations, meals, transportation and location management at no cost. The deal was struck, thanks to the total cooperative effort by the State, City, various destination resorts, ground transportation companies and United Airlines. It was a first, multi-million dollar venture abroad for Fuji, but it was also a first for Oregon in getting a major foreign network to do a mini-series in Oregon. The script was written to maximize exposure of the natural beauty of Oregon. We took the crew to the ocean, the mountains, streams and lakes of Oregon. It was to be a family oriented drama with Oregon providing the backdrop. In 1984, 13 one hour segments were shot in Oregon and shown in Japan. It was a tremendous success, and since then, Fuji has been back each of succeeding years to do a sequel and will be back for the fifth year in July of this year. In part to the success of "From Oregon With Love" and many other efforts such as travel writers/trade familiarization trips and other media projects, "Oregon" has become a familiar name to the Japanese. In a survey commissioned by Fuji Television to measure viewer reception, on random survey, it was determined that the recognition of the name

"Oregon" rose from a mere 17% to 78% as a result of the "From Oregon With Love" series. With "From Oregon With Love" alone, we have logged over 600 million viewer hours in Japan. The advertising values of such media exposure has been estimated as high as $160 million.

The words "From Oregon With Love" actually represent a loose English translation of the Japanese language words, Oregon kara ai". "Oregon kara ai" was the salutation at the end of a series of letters, sent from Oregon to Japan, by a young lonely Japanese boy named Akira, to his teenage sister. The two had recently become orphaned in Japan and Akira had to be sent away to distant Oregon, to live with their only relative, his Aunt Kyoko. had married a Japanese-American farmer struggling for survival on a potato farm in Central Oregon. Placed alone on a jumbo jet and sent across the ocean, Akira was suddenly thrust into a completely alien world. Learning to cope with a strange country, new language, farm life, loneliness and an often mean uncle, was not an easy task for the little city boy. These letters back to his sister in Japan were, in the beginning, emotional and poignant expressions of lonely desperation. Later, as he slowly came to warm up to his new home, the letters became a narrative of Akira's daily life and his growing appreciation of the beauty and purity of Oregon. Always, his letters ended with, "From Oregon with Love".

In Oregon and Japan, however, the words "From Oregon With Love" have come to mean much more than just a fictional letter's salutation or the name of another television serial program. The words have come to represent "success" - critical and popular success, as a top rated Japanese television series; international success, as the finest example of cooperation and exchange between the United States and Japan; public relations success, as an unprecedented publicity coup for a American state in Japan; and human relations success, as a vehicle for building understanding and friendships across the Pacific.

For the State of Oregon, the "From Oregon With Love" project has been an unprecedented opportunity to "soft sell" the attributes of Oregon, to tremendously large "Golden Hour" or prime time, Japanese audiences, at unbelievably low costs. The value of the exposure to date is virtually incalculable. Estimates indicate that well over 60 million Japanese viewers have seen at least one "From Oregon With Love" episode, that the recognition of "Oregon" has soared in Japan, that most Japanese school age children have a "favorable" image of the state, and that over forty-seven million dollars worth of television advertising has been achieved for the state. The long term results of all this are hard to estimate but already Oregon is benefiting from an increase in tourism and business exchange. Virtually every Japanese traveler to Oregon indicates a knowledge and appreciation of the television program. Student exchange program directors in Japan say that Oregon has become a number one destination choice for exchange students as a result of the program. Direct benefits for Oregon will continue to grow into the future and although difficult to document, the favorable image Japanese hold of the state will most certainly effect, not just their decisions to vacation here, but whether they trade in Oregon and if they consider Oregon for economic development. In the very fierce international competition for entrees into the Japan, Oregon has through the exposure of the program, achieved an most enviable and unprecedented position.

I bring this project out as an example of what can be done with the teamwork of Oregonians working towards a common goal; that of making Oregon an international tourist destination. If it were not for the Governor's office. Mayor of Portland, United Airlines and now Delta Air Lines, Port of Portland, G.P.C.V.A. and many others, a project such as "From Oregon With Love" would not have been possible.

Another example of regional cooperation is Oregon Tourism Alliance, part of Governor Neil Goldschmidt's Oregon Economic comeback plan. The Alliance consists of 8 regional counties and 3 metropolitan governing bodies (City of Portland, Greater Portland Convention and Visitors Association and Port of Portland), brought together under an umbrella organization to identify a key economic development strategy. Oregon Tourism Alliance is the result of this effort having identified tourism for the region as the focal point for the region's economic development. This is in conjunction with the building of the new $80 million Oregon Convention Center. It is the first time that regional governments have banned together to work cooperatively on such a large scale development plan. The plan, adopted by each of the participating counties and entities, consists of $1,000,000 for a marketing plan, and nearly $2 1/2 million in attraction development. The total funding will come from Oregon Economic Development Division lottery allocation funds.

Again, in terms of economic development, tourism has been singled out as a key to our region's growth in the future. International tourism is also a part of this plan. Oregon Tourism Alliance hopes to assist in making the Oregon Convention Center not only a national convention center, but an international one as well. The key here too, is selling "Oregon".

In order to create an image and sell it internationally, it is imperative that all of these local and state agencies work together. Our individual resources are too limited to take on the task alone. By joining forces as we have on Pacific Rim international tourism, we can help Oregon become a competitive destination in the world market.

Federal government can play a key role in the international market by increasing its support of USTTA. USTTA is the right vehicle to sell America in the world market. Tourism world wide is predicted to be the largest industry in the world by the year 2000 and in such a market, the

United States needs to invest its' money and resources to encourage the rest of the world to visit our country. Under this umbrella of marketing effort that we, as a state, need to compete for those foreign tourists already enticed to come to America.

In conclusion, Azumano Travel Service has been involved in virtually every tourism industry project and promotion of Oregon aimed at the Japanese market over the last eight years. We are encouraged by the successes that we have experienced so far, and of the cooperative spirit among all of the local and state agencies. We have seen a dramatic increase in the numbers of Japanese visitors coming to our state, this is only the beginning. We know also, that the thousands can be increased to tens of thousands. We want to make Oregon the year round playground for the Japanese who come to fish, hunt, do horseback riding, back packing, skiing, golfing, tennis, camping and many other outdoor recreational activities. With your help, we know that we can reach the goal of making Oregon truly an international tourist destination.

Azumano Travel Service is Oregon's largest locally owned travel agency with five locations in Portland. Established in 1949, by George I. Azumano (Japanese-American heritage), it is also one of Oregon's largest minority owned business. It services both the corporate traveler as well as leisure traveler. Annual sales in 1988 is estimated to be $30 million with approximately $11 million in international travel. Azumano currently employs 85 full time and part time employees. It is one of the few receptive agencies providing services to the incoming Japanese tourist. Azumano also publishes the states only Japanese language publication "Oregon Trail" designed for the Japanese tourist.

George I. Azumano, Chairman of the Board, currently serves on the Governors Tourism Council, and has been past Vice President of Oregon Chapter of ASTA and has served on many other civic organizations.

Sho G. Dozono, President, serves on the Oregon Tourism Alliance, representing Multnomah County and is also a board member of G.P.C.V.A., and serves on many other civic boards and organizations.

オレゴンから愛

From Oregon With Love

WHAT IS "FROM OREGON WITH LOVE"?

Made to be shown on Japanese television during the fall of 1984, "From Oregon With Love" is a TV drama about a nine year old Japanese boy who is orphaned as the result of an accident and therefore comes to live in America with his only surviving adult relative, an aunt living on a farm in Central Oregon. Through the thirteen episodes of the series, Akira, the boy must adjust to a totally alien life - a new country, a new language, new customs and food, and a grumpy uncle who is not quite ready to accept a young intruder. The one hour "golden hour" segments fill the screen with the breathtaking scenic beauty and untouched wildlife of Oregon. From rocky beginnings, the little boy slowly overcomes the barriers of language and custom and in the end succumbs to the beauty and purity of land, animals and people of Oregon.

Produced and directed by Fuji Television Network of Tokyo Japan, this project represented a departure from the norm in Japan, in that it was the first major Japanese television drama to be produced abroad. With a total staff in Japan and the U.S. of over 150, the project took nine months to complete. During three seasons in 1984, a crew of about 45 Japanese technicians and actors worked on location in Oregon for aproximately 120 days. Azumano Travel Service also had eight staff members assigned to the project during location work. The shooting of "From Oregon With Love" occurred during three different periods and therefore transportation requirements included about 150 round-trip airfares between Tokyo and Portland and the shipment of thousands of pounds of technical equipment. Other requirements included approximately 6000 person/room nights, 18,000 meals, and almost a million accident-free passenger miles of travel.

While in Oregon the Fuji Television Network contributed both directly and indirectly to the economy of the state. In addition to the more obvious expenses such as food and accommodation, the production required the rental of farms and buildings as well as a school; prop vehicles and other equipment were purchased or rented and many incidental production and personal expenses were incurred. Other benefits were enjoyed by the state such as revenue from the special Japanese tour that came to Oregon just to see the production of the series. Most importantly,"From Oregon With Love" gave the State of Oregon a level of exposure to the Japanese public that could never have been purchased. Amazing statistics from Japan indicated that the result of the program is unprecedented in its success to create an awareness of Oregon in Japan. The long term benefits of this exposure for the state will be substantial and varied. Immediate impact on the inbound Japanese tour market has already been felt and the effects on other economic development, although hard to measure, are sure to be helpful.

AZUMANO TRAVEL/F.O.W.L - 1984/85

SEQUEL PROJECT
FROM OREGON WITH LOVE

Amid hearty accolades from both sides of the Pacific Ocean, the Japanese television drama, "From Oregon With Love" came to a close on December 27, 1984. The program, which was shown on T.V. in Japan, acheived unprecedented success on all fronts. In addition to fulfilling the rating goals for Fuji Television Network and acheiving substantial publicity gains for the company, the State of Oregon and its people received a level of exposure to the Japanese viewers which can be described as nothing less than a publicity "coup". The high level and particularly positive nature of this exposure has finally put Oregon "on the map" in Japan. With an average of about twelve million viewers each time an episode aired, it has been estimated that over the thirteen episodes, perhaps as many 60 million Japanese were exposed to the beauty and nature of Oregon.

Benefits from this project for the State of Oregon, its businesses and people will varied and numerous. Specific effects will especially be felt in the areas of ecomonic development and tourism. Already, "From Oregon With Love" has been mentioned by some Japanese executives, as indicitive of the kinds of things that attracted their companies to locate in the state. Inquiries by Japanese tour operators, for setting up inbound Japanese tours to Oregon, have increased dramatically over the last few months and further increases are expected as the tourist season approaches. Growth of the level of exchange in both of these areas will eventually translate into increased revenue for Oregon.

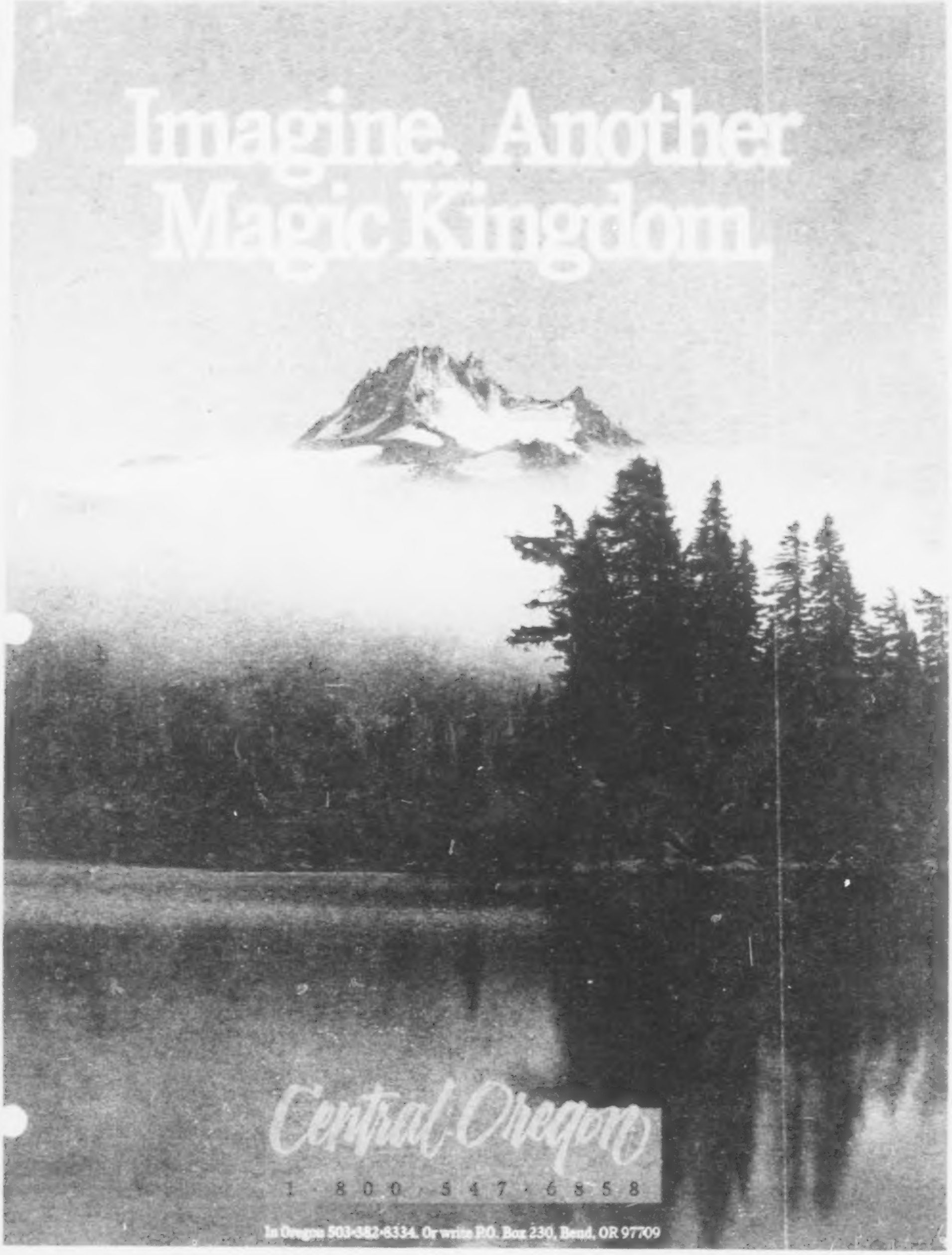
Well before the close of the series, interested parties in both Japan and Oregon, began talking about the possibilities for a sequel to "From Oregon With Love". Although Fuji Television Network, would of course benefit through the production of a sequel (ie. ratings and additional publicity), the most important impact for their company has already been acheived in Japan and is now past history. Fuji has expressed nonetheless, a strong interest in returning to Oregon to produce a two-hour special sequel to the program, if certain budgetary concerns can be satisfactorily negotiated. The estimate of approximately $100,000 for the Oregon portion of one sequel two-hour program contrasts with about $125,000 for the four one-hour segments which were produced for the original program. In short, because only two hours of commercial air time will result from the substantial production effort and expense of bringing a full crew and cast back to Oregon, the per hour cost of the sequel would be unrealistic without monetary support from Oregon interests. Fuji Television has available, a budget of $50,000 for the Oregon portion of production expenses, therefore another $50,000 in cash and exchange of services will be necessary to make the sequel a reality.

The impact of a sequel to "From Oregon With Love", could be of much greater importance for the State of Oregon, than for Fuji Television itself. As with many forms of advertising and publicity, the follow-up effect on Japanese viewers, of being re-introduced to the wonders of Oregon could surpass the impact of the initial exposure. At the very least, this re-introduction to the state, will reinforce its image and desirability. The positive images of Oregon, as projected by this series (beauty, nature, purity, liveability, etc.), will reinforce the same themes that are being used to market Oregon in Japan, both to businesses and vacationers. The combination effect of simultaneous strides in the development of Oregon/Japan exchange ("From Oregon With Love", N.E.C., Fujitsu, and others), represents a great opportunity for Oregon. It is vital that this opportunity not be wasted.

International competition for the Japanese market is very aggressive and Oregon must continue to build on the present momentum to retain and increase its share of this business. In conjunction with proposed and ongoing promotion efforts by the State and others, the production of a sequel to "From Oregon With Love" will substantially contribute to the permanent establishment of Oregon as a place of interest and business opportunities for Japan.

MAJOR SUPPORTERS OF FROM OREGON WITH LOVE - 1984

- Oregon State Governor, Victor Atiyeh
- Portland City Mayor, Frank Ivancie
- Port of Portland
- Oregon State Department of Economic Development
- United States Department of Tourism
- Tourism Division, Oregon State Economic Development Department
- Oregon State Fish and Wildlife Department.
- United States Forest Service
- Warm Springs Confederated Tribes - Tribal Council
- Central Oregon Development Council
- CORA - Central Oregon Recreational Association
- Jefferson County Chamber of Commerce
- Deschutes County Chamber of Commerce
- Newport Chamber of Commerce
- Portland City Chamber of Commerce
- Portland City Police Department
- Oregon State Highway Department
- Jefferson County School District J-24
- United Airlines
- Hilton Hotels
- Weston Hotels
- Holiday Inn
- Kahneeta Resort
- Inn at the Seventh Mountain



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Central Oregon

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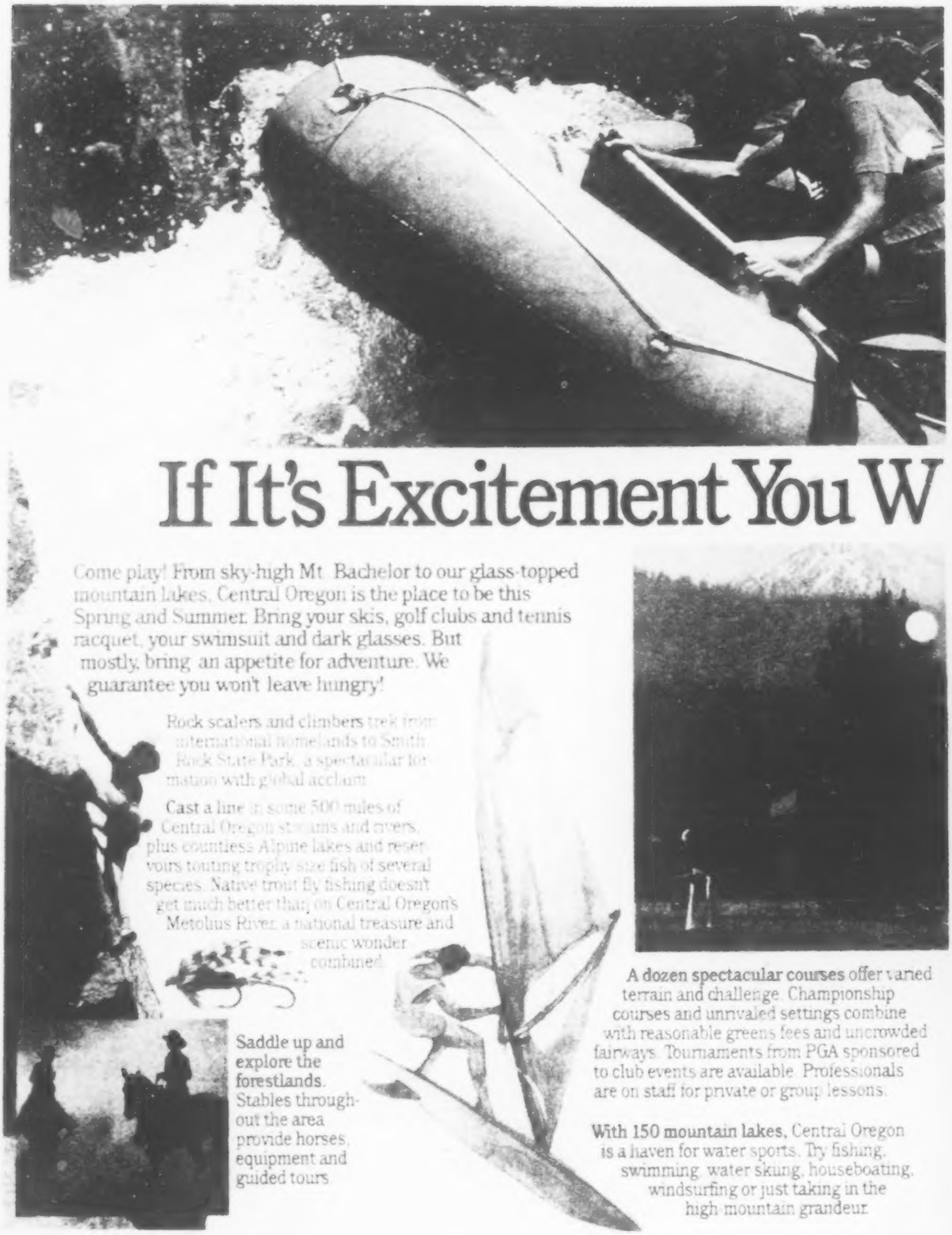


If It's Excitement You W

Come play! From sky-high Mt. Bachelor to our glass-topped mountain lakes, Central Oregon is the place to be this Spring and Summer. Bring your skis, golf clubs and tennis racquet, your swimsuit and dark glasses. But mostly, bring an appetite for adventure. We guarantee you won't leave hungry!

Rock scalers and climbers trek from international homelands to Smith Rock State Park, a spectacular formation with global acclaim.

Cast a line in some 500 miles of Central Oregon streams and rivers, plus countless Alpine lakes and reservoirs touting trophy size fish of several species. Native trout fly fishing doesn't get much better than on Central Oregon's Metolius River, a national treasure and scenic wonder combined.

Saddle up and explore the forestlands. Stables throughout the area provide horses, equipment and guided tours.

A dozen spectacular courses offer varied terrain and challenge. Championship courses and unrivaled settings combine with reasonable greens fees and uncrowded fairways. Tournaments from PGA sponsored to club events are available. Professionals are on staff for private or group lessons.

With 150 mountain lakes, Central Oregon is a haven for water sports. Try fishing, swimming, water skiing, houseboating, windsurfing or just taking in the high-mountain grandeur.

Take a wild ride! Rafting trips can last a few hours [illegible] days. Professional rafting outfitters provide equipment, transportation and guide services. You just bring a mood for fun.

ant, Try Adventure Land.

[illegible]

[illegible]

1 · 8 0 0 · 5 4 7 · 6 8 5 8

[illegible] 382-8334 [illegible] write P.O. Box [illegible] Bend, OR [illegible]

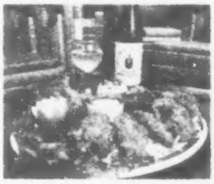
Inn of the Seventh Mountain
1-800-452-6810; 1-503-382-8711

Sunriver Lodge and Resort
1-800-547-3922; In Oregon 1-800-452-6874

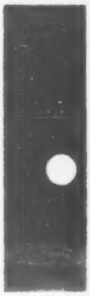
No Fantasy Land's Complete

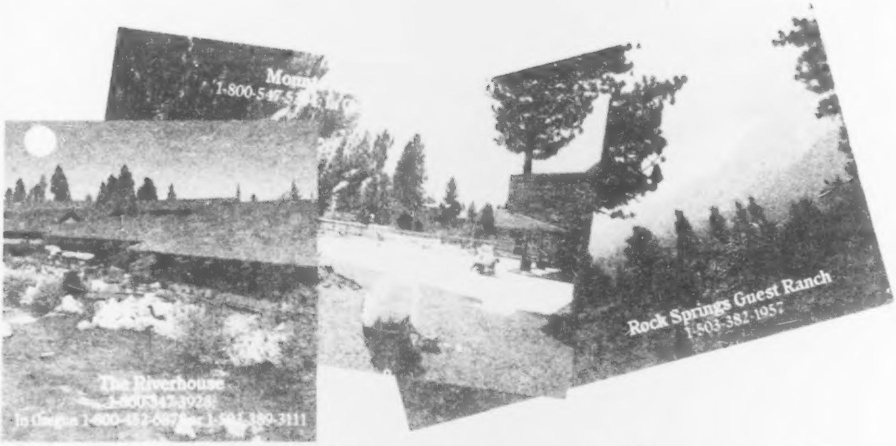
Sunriver Lodge and Resort welcomes you to the Northwest's only Mobil Four Star and AAA Four Diamond Resort. Come surround yourself with mountains, meadows, pines and Central Oregon hospitality. Sunriver offers unrivaled golf challenges on two championship courses, including the Robert Trent Jones II designed North Course, host of the Oregon Open. Enjoy 29 tennis courts, two swimming complexes, miles of bike paths, horseback riding, canoeing and fishing, and whitewater rafting on the scenic Deschutes River. Hop a bus and shuttle over the Sunriver road to nearby Mt. Bachelor or stay at the Resort and browse through the shops in the Lodge or Sunriver Village Mall. For dining, sample any of the dozen unique restaurants (two right in the Lodge). Conference facilities for groups to 450 people, a private airstrip, and total resort service round out the offerings. Seasonal recreation packages featuring skiing, golf and resort activities are available. Call (see above), or write P.O. Box 3609, Sunriver, OR 97707.

The Inn of the Seventh Mountain blends its forest setting, friendly staff and unlimited recreation into the optimum vacation experience. Comfortable rooms and condominiums, three restaurants, lounge, grocery, spa/pool complex, tennis, stables and a complete recreation program combine to earn this AAA Four Diamond resort its outstanding reputation. Two-night Spring Free lodging and activity packages from $49; three-night Summer Mountain Adventure packages from $93. Call (see above), or write P.O. Box 1207, Bend, OR 97709.



Rock Springs Guest Ranch draws families from around the world to enjoy a special brand of western fun. The Summer American Plan package includes lodging, gourmet meals and all recreation. Horseback riding is the big attraction, but lighted tennis and sand volleyball courts, a swimming pool and custom outdoor spa also draw rave reviews. Call (see above), or write 64201 Tyler Road, Bend OR 97701.




Mount
1-800-547-5
The Riverhouse
1-800-547-3928
In Oregon 1-800-452-6878 or 1-503-389-3111
Rock Springs Guest Ranch
1-503-382-1957

Without Sleeping Beauties.

The Riverhouse [illegible]
in the heart of Bend [illegible]

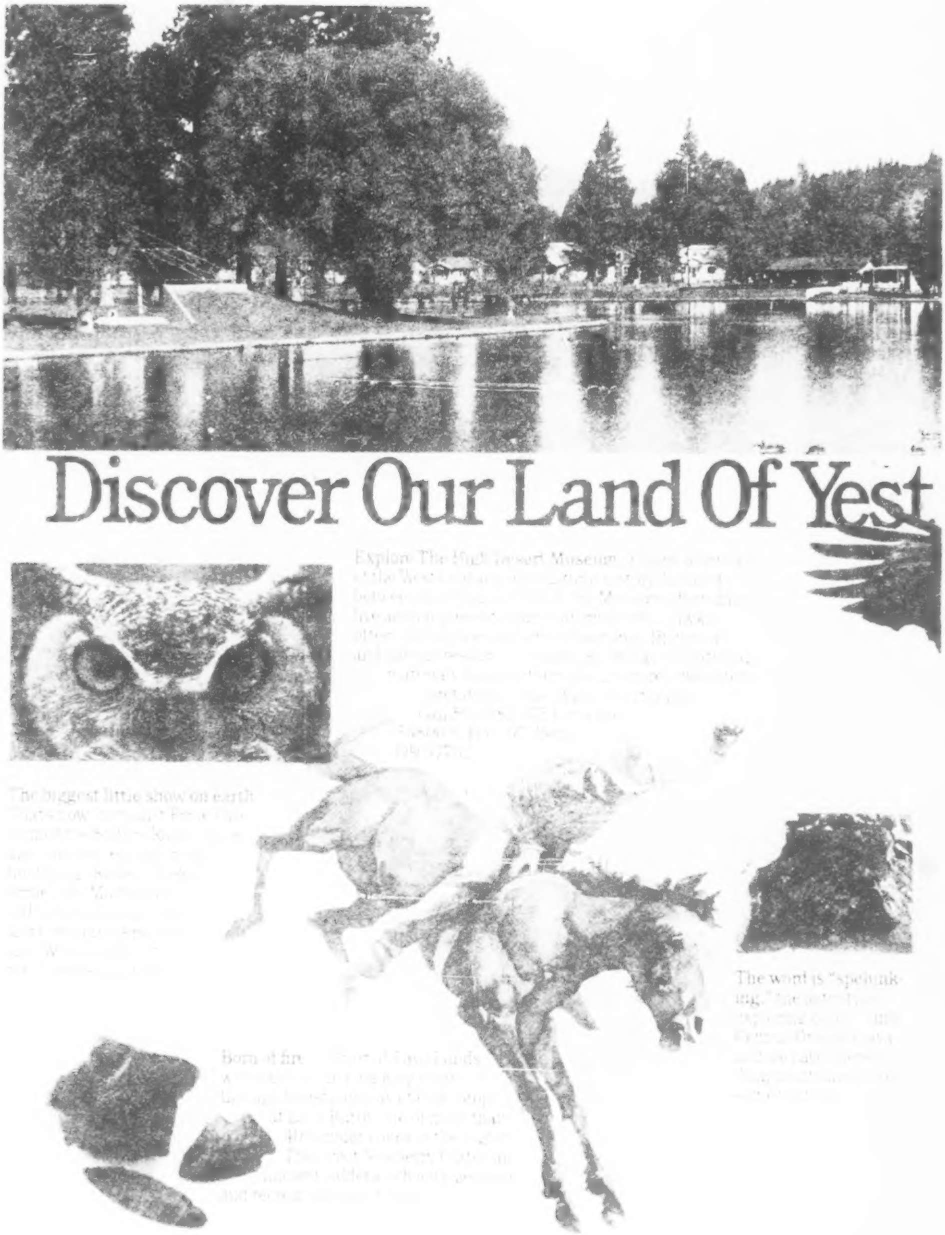
[illegible]

Mount Bachelor Village

[illegible]

Further Vacation Planning

[illegible]



Discover Our Land Of Yest

Explore The High Desert Museum. [illegible]

The biggest little show on earth. [illegible]

The word is "spelunking." [illegible]

Born of fire. [illegible]

On the banks of the powerful Deschutes River and backdropped by sky-scraping mountains, Bend is host to a year-round calendar of events: The Pole, Pedal, Paddle (late May), the Cascade Festival of Music (late June), and the Cascade Cycling Classic (mid-August) are just the start of things to attend too. [illegible]

erday, Today And Tomorrow.

[illegible] Corporation

[illegible]

PSA and USAir present the state of our union.

PSA and USAir have joined together to bring you the best of both coasts.

As the #1 airline in the Northeast, USAir offers more than 1,400 daily flights to more than 100 cities throughout the U.S. and Canada. And as the #1 airline in the West, PSA offers nearly 500 daily departures to 33 cities.

So now that we're together, you get lots of service across the map.

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We've Been Saving
A Place For You.

In Oregon, We
Everyone Own

ve Made Sure s A Piece Of It.

Haystack Rock. Cape Perpetua. Cascade Head. Devil's Punchbowl.

It takes colorful names to express what nature has provided the Oregon Coast.

Yet perhaps the greatest expression of our respect for nature comes not from the language of Oregon's poets and dreamers, but from a unique Oregon state law. It's the only law of its kind we know of. And it keeps the entire length of the Oregon coast, some 400 miles of it, open and free to public access.

So whether you're exploring the dunes of Florence, the tidal pools of Otter Rock, or watching the whales migrate north in the spring, things don't just look different here.

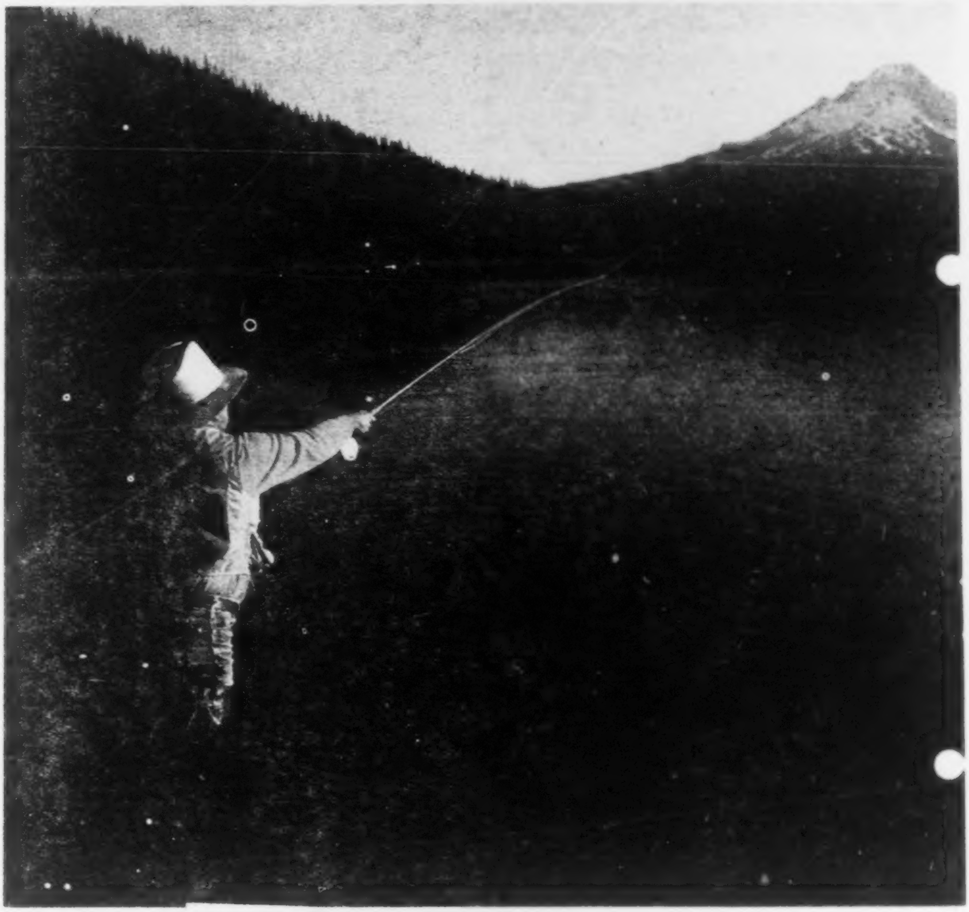
They are different.

In fact, ensuring that future generations, and those who visit, will always be able to enjoy the quality of life Oregon offers, is something of a habit with us.

We were also the first to earmark state funds for bicycle trails. The first to eliminate non-returnable beverage bottles and cans. And the first to bar the in-state sale of aerosol cans using fluorocarbons.

As for why we've gone to so much trouble to protect our mountains, rivers, beaches and cities, it may be because we've never felt that a state like Oregon should belong to just one generation of Oregonians. This is one place that was meant to be shared.

Sometimes, The B
Yourself Is Where



est Place To Find No One Else Can.

For many, it is perceived as a condition that inevitably comes with modern living. The more beautiful the place, the more crowded it becomes.

Which may be what astonishes most people about Oregon the first time they visit.

Because, when you come to Oregon, you'll not only find some of the most spectacular settings on earth, you'll notice something different about them.

They're still spectacular.

For example, some 6600 years ago, Mt. Mazama, a 12,000 foot volcano, collapsed inside of itself. The resulting crater filled with pure spring water, and Crater Lake was born.

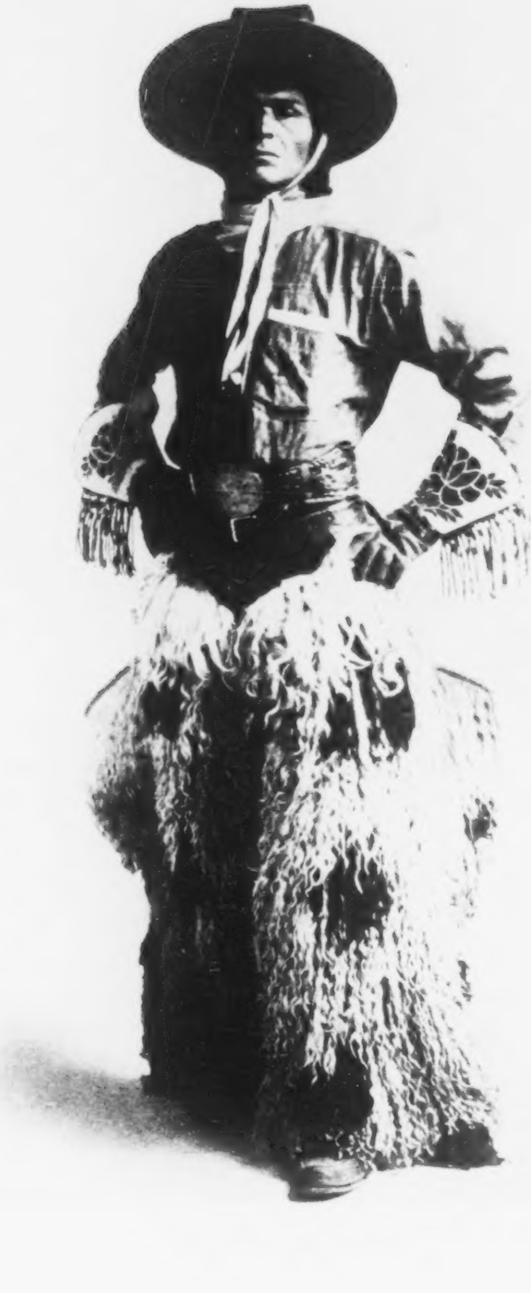
Believing that there are some natural wonders you simply don't mess with, we preserved it.

As a national park, it's been peaceful ever since.

And we've taken the same approach everywhere else. Which means you can still explore the solitude of pristine alpine lakes in any one of Oregon's four mountain ranges. Behold the fertile valleys of the west. Or the breathtaking high deserts to the east.

So when you come to Oregon, prepare yourself. Chances are, among the trout, the elk, and the waterfalls, it's entirely possible you'll stumble onto something you thought didn't exist anymore.

The real you.



Some Of Our Best Cowboys Are Indians.

In 1916, competing against riders half his age, a 50 year-old, full-blooded Nez Perce Indian named Jackson Sundown, climbed on a bucking horse called Angel, and made Pendleton Round-Up history.

Today, you can still see Indians ride on our rodeo circuit. And it serves as a perfect example for a piece of information we'd like to pass along.

To be exposed to another culture, you don't necessarily have to travel abroad.

You simply have to visit Oregon.

Because whether it's our farmlands still owned and harvested by fifth generation immigrants. Our towns and villages still steeped in European ancestry. Or the heritage of our native Americans. In Oregon, you'll find that there's a tradition being subscribed to by all.

To celebrate the differences.

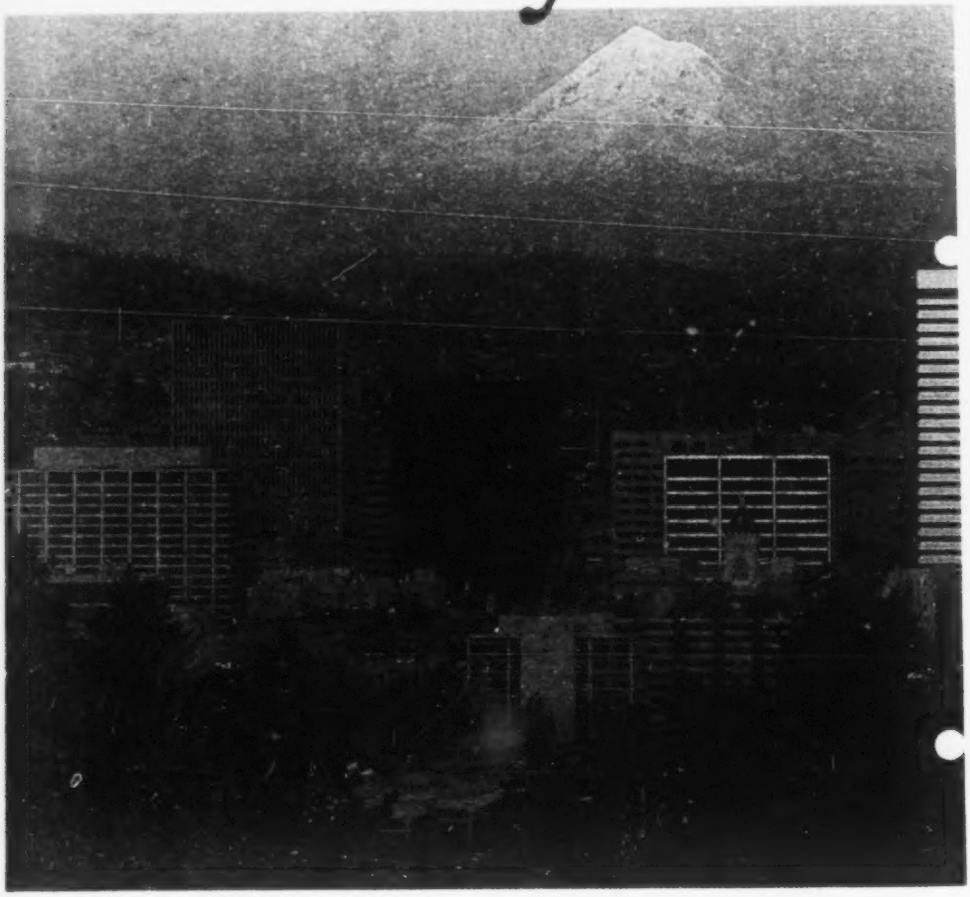
In fact, just about every community in the state claims its own festival, rodeo, or yearly fair.

This not only makes Oregon an exceptional place to live, all of this out and out celebrating can make it kind of a fun place to visit.

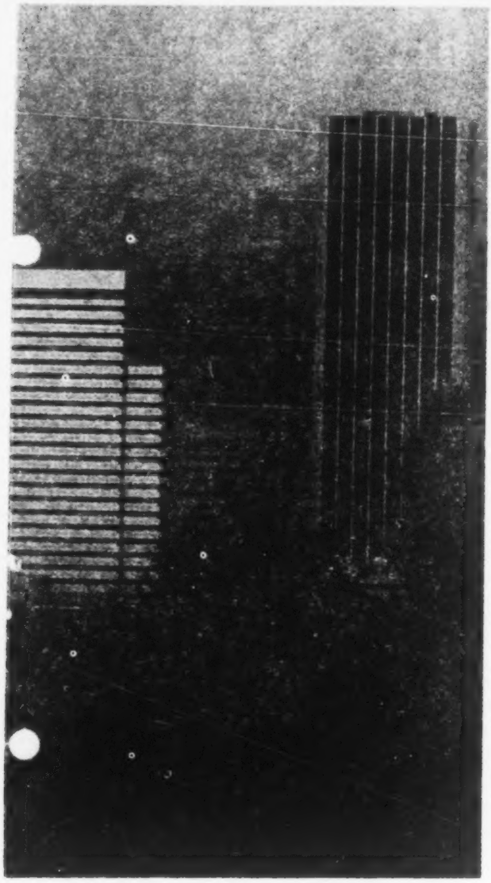
Which is what we want you to do.

Just don't be disappointed if you feel like you can't take in everything Oregon has to offer the first time around. Because with this kind of diversity, it's not like visiting another state. It's like seeing the world.

When It's M
Who Says Both



an Vs. Nature, Sides Can't Win?



That people with a common bond will ultimately gather to build villages, towns and cities, is a tribal instinct as old as the species.

Gone awry, its impact on the land can be devastating.

Which is why, when you fly into Oregon, you may wonder how a modern city can exist among the evergreens, rivers, lakes and mountains. Without one or the other giving something up in the process.

Until the first one appears on the horizon.

Then you begin to understand what makes living in Oregon so uniquely different.

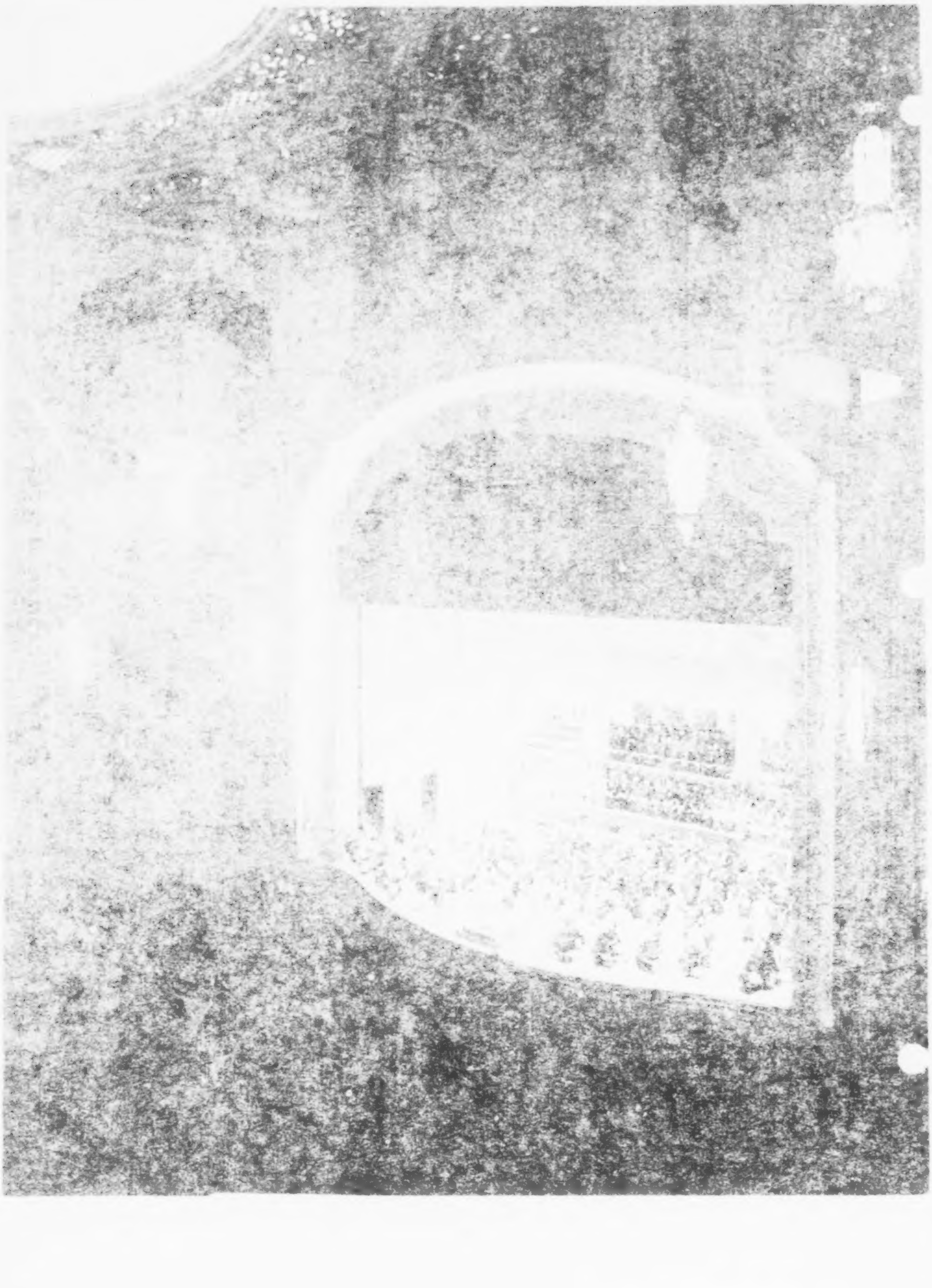
Because whether it's the smallest town, or our largest metropolitan city, in Oregon our approach remains the same. You don't build a lifestyle by taming the land. It only happens when you embrace it.

So where you'd expect to find concrete jungles, you'll find parks and greenways. Instead of dilapidated buildings from the turn of the century, you'll find historic landmarks. Even historic cities.

All of which means you can visit Oregon, enjoy evening concerts, explore the past, or shop. And within an hour or less be skiing, fishing, hiking or sailboarding.

It may also be why so many visitors who come to Oregon for the scenery change their plans.

And end up staying.



Bring The American Express Card.® We No Longer Accept Beaver Pelts.

Contrary to popular belief, not everyone who visits Oregon brings their hiking boots and backpacks.

There are those who have discovered that, beyond the mountains, lakes, forests, and beaches, lies yet another side of Oregon that can be equally stimulating.

The arts.

Which means that, if you're more into music, ballet, or Shakespeare, a visit to Oregon can leave you just as satisfied.

And you never have to go far to find the experience.

There's the Oregon Shakespearean Festival in Ashland. The internationally acclaimed Bach Festival in Eugene. The ever-popular Mt. Hood Festival of Jazz. Museums. Galleries. Not to mention two of the region's most inspired performing arts centers.

A mere sampling.

But fair warning. When attending the symphony, don't be surprised if you find yourself seated next to a tuxedo-clad Oregonian. Wearing footwear that looks like it belongs on the trail.

Because, while we may be committed to the arts in Oregon, we're never going to be out of the woods completely.

We promise.

Please send me the following: ☐ *The Official State Travel Guide.* ☐ *The Oregon Events Calendar. Plus more information on these subjects:* ______________________.

NAME ______________________

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For more information write, Oregon Department of Tourism,
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